

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE NORTHERN DISTRICT OF OHIO
3 EASTERN DIVISION
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6 IN RE: NATIONAL : HON. DAN A.
7 PRESCRIPTION OPIATE : POLSTER
8 LITIGATION :
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10 APPLIES TO ALL CASES : NO.
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 - HIGHLY CONFIDENTIAL -

SUBJECT TO FURTHER CONFIDENTIALITY REVIEW

 - - -

 March 15, 2019

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 Videotaped deposition of
STEPHEN C. MACRIDES taken pursuant to
notice, was held at the offices of
McCarter & English, LLP, 1600 Market
Street, Philadelphia, Pennsylvania,
beginning at 9:05 a.m., on the above
date, before Michelle L. Gray, a
Registered Professional Reporter,
Certified Shorthand Reporter, Certified
Realtime Reporter, and Notary Public.

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 GOLKOW LITIGATION SERVICES
877.370.3377 ph | 917.591.5672 fax
 deps@golkow.com

<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES: 2 3 SEEGER WEISS, LLP 4 BY: DAVID R. BUCHANAN, ESQ. 5 77 Water Street 6 New York, New York 10005 7 (212) 584-0700 8 Dbuchanan@seegerweiss.com 9 Representing the Plaintiffs 10 BRANSTETTER, STRANCH & JENNINGS, PLLC 11 BY: MICHAEL G. STEWART, ESQ. 12 223 Rosa L. Parks Avenue 13 Suite 200 14 Nashville, Tennessee 37203 15 (615) 254-8801 16 Mstewart@bsjfirm.com 17 Representing the Tennessee Plaintiffs 18 19 McCARTER & ENGLISH LLP 20 BY: AMY M. VANNI, ESQ. 21 1600 Market Street, Suite 3900 22 Philadelphia, Pennsylvania 19103 23 (215) 979-3848 24 avanni@mccarter.com 25 - and - 26 27 McCARTER & ENGLISH LLP 28 BY: HAYLEY J. REESE, ESQ. 29 Renaissance Centre 30 405 N. King Street, 8th Floor 31 Wilmington, Delaware 19801 32 (302) 227-6308 33 hreesee@mccarter.com 34 Representing the Defendants, Endo Health 35 Solutions; Endo Pharmaceuticals, Inc.; 36 Par Pharmaceutical Companies, Inc. f/k/a 37 Par Pharmaceutical Holdings, Inc. and the 38 Witness 39 40 41 42 43 44</p>	<p style="text-align: right;">Page 4</p> <p>1 TELEPHONIC/STREAMING APPEARANCES: 2 (Cont'd.) 3 4 BAILEY WYANT PLLC 5 BY: MICHAEL W. TAYLOR, ESQ. 6 500 Virginia Street East, Suite 600 7 Charleston, West Virginia 25301 8 (304) 345-4222 9 Mtaylor@baileywyant.com 10 Representing the Defendant, West 11 Virginia Board of Pharmacy 12 13 ULMER BERNE, LLP 14 BY: SARAH MILLER BENOIT, ESQ. 15 65 East State Street 16 Columbus, OH 43215 17 (614) 229-0016 18 Sbenoit@ulmer.com 19 Representing the Defendant, Gemini 20 Laboratories, Inc. 21 22 ARNOLD & PORTER KAYE SCHOLER, LLP 23 BY: JOANNA PERSIO ESQ. 24 JOSHUA M. DAVIS, ESQ. 25 601 Massachusetts Avenue, NW 26 Washington, D.C. 20001 27 (202) 942-5866 28 Joanna.persio@arnoldporter.com 29 Joshua.davis@arnoldporter.com 30 Representing the Defendants, Endo 31 Health Solutions; Endo Pharmaceuticals, 32 Inc.; Par Pharmaceutical Companies, Inc., 33 f/k/a Par Pharmaceutical Holdings, Inc. 34 35 36 37 38 39 40</p>
<p style="text-align: right;">Page 3</p> <p>1 APPEARANCES: (Cont'd.) 2 3 PIETRAGALLO GORDON ALFANO BOSICK & 4 RASPANTI, LLP 5 BY: ALEXANDER M. OWENS, ESQ. 6 1818 Market Street, Suite 3402 7 Philadelphia, Pennsylvania 19103 8 (215) 320-6200 9 amo@pietragallos.com 10 Representing the Defendant, Cardinal 11 Health 12 13 JONES DAY 14 BY: ADAM HOLLINGSWORTH, ESQ. 15 North Point 16 901 Lakeside Avenue 17 Cleveland, Ohio 44114 18 (216) 586-3939 19 ahollingsworth@jonesday.com 20 Representing the Defendant, Walmart 21 22 TELEPHONIC/STREAMING APPEARANCES: 23 24 BRANSTETTER, STRANCH & JENNINGS, PLLC 25 BY: JOE P. LENISKI, JR., ESQ. 26 223 Rosa L. Parks Avenue 27 Suite 200 28 Nashville, Tennessee 37203 29 (615) 254-8801 30 Joeyl@bsjfirm.com 31 Representing the Tennessee Plaintiffs 32 33 JACKSON KELLY, PLLC 34 BY: JON L. ANDERSON, ESQ. 35 500 Lee Street East 36 Charleston, West Virginia 25301 37 (304) 340-1288 38 Jlanderson@jacksonkelly.com 39 Representing the Defendant, 40 AmerisourceBergen 41 42 43 44</p>	<p style="text-align: right;">Page 5</p> <p>1 APPEARANCES (Cont'd.) 2 3 4 ALSO PRESENT: 5 6 Elina Rakhlin - Law Clerk 7 Charles Bachmann - Paralegal 8 (Seeger Weiss) 9 10 Jobina Jones-McDonnell, Esq. 11 (Endo) 12 13 VIDEOTAPE TECHNICIAN: 14 15 Devyn Mulholland 16 17 18 LITIGATION TECHNICIAN 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40</p>

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5	NO. DESCRIPTION PAGE	
6	Endo. Macrides-17 E-mail, 5/27/10 259	
7	100507 Qualitest	
8	Overview for	
9	BusDev	
10	PAR_OPIOID_MDL_	
11	0001593258-75	
12	E1813.1	
13	Endo. Macrides-18 Effective Controls 295	
14	Against Diversion	
15	Of Controlled	
16	Substances	
17	Meeting with Vintage	
18	Pharma 3/6/13	
19	PAR_OPIOID_MDL_	
20	0002016179-89	
21	E1117.1	
22	Endo. Macrides-19 E-mail Thread 316	
23	3/7/13	
24	Subject, Charts	
25	From DEA Meeting	
26	ENDO-OPIOID_MDL-	
27	02975958-18	
28	E0575.1	
29	Endo. Macrides-20 E-mail, 4/12/13 324	
30	Subject, Attached	
31	Image	
32	PAR_OPIOID_MDL_	
33	0001647888-9T	
34	E1824.1	

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5	NO. DESCRIPTION PAGE	
6	Endo. Macrides-21 E-mail Thread 361	
7	3/13/13	
8	Subject, Slide Deck	
9	For this Morning's	
10	Meeting	
11	PAR_OPIOID_MDL_	
12	0000365381	
13	E0581.1	
14	Endo. Macrides-22 E-mail, 1/22/17 372	
15	SOM 101.pptx	
16	PAR_OPIOID_MDL_	
17	0001355348-49	
18	E0589.1	
19	Endo. Macrides-23 E-mail Thread 387	
20	9/4/08	
21	Subject, Qualitest	
22	08-2008	
23	PAR_OPIOID_MDL_	
24	0000076009-1T	
25	E1051.1	
26	Endo. Macrides-24 E-mail Thread 412	
27	12/1/08	
28	Subject, SOM Intro	
29	Call	
30	PAR_OPIOID_MDL_	
31	0001656118-2T	
32	E1790.1	

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6	Endo. Macrides-25 E-mail, 7/2/09 432	
7	Subject, Reports	
8	From Recent Reviews	
9	PAR_OPIOID_MDL_	
10	0000398174-9T	
11	E1037.1	
12	Endo. Macrides-26 E-mail Thread 444	
13	11/16/11	
14	Subject, DEA	
15	Inspection Wrap-Up	
16	In Charlotte	
17	PAR_OPIOID_MDL_	
18	0000390035-37	
19	E0567.1	
20	Endo. Macrides-27 (Skipped)	
21	Endo. Macrides-28 E-mail Thread 454	
22	3/22/13	
23	Subject, Composite	
24	Risk Assessment	
25	PAR_OPIOID_MDL_	
26	0000035162-64	
27	E0573.1	
28	Endo. Macrides-29 Summary of Meeting 457	
29	With DEA Quota Office	
30	PAR_OPIOID_MDL_	
31	0000369261-63	
32	E1082.1	

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5	NO. DESCRIPTION PAGE	
6	Endo. Macrides-30 (Skipped)	
7	Endo. Macrides-31 E-mail, 2/9/13 468	
8	Subject, DEA Compliance	
9	Initiatives Presentation	
10	PAR_OPIOID_MDL_	
11	0000034190	
12	0001424664-67	
13	E1052.1	
14	Endo. Macrides-32 E-mail, 2/9/13 478	
15	Subject, DEA	
16	Compliance Initiatives	
17	Presentation	
18	PAR_OPIOID_MDL_	
19	0000034190-15	
20	E107.1	
21	Endo. Macrides-33 E-mail, 1/17/14 487	
22	Subject, Advanced	
23	Pharmacy	
24	PAR_OPIOID_MDL_	
25	0000020402-19	
26	E1137.1	
27	Endo. Macrides-34 E-mail, 12/30/13 505	
28	Subject, Big Tex	
29	Pharmacy	
30	PAR_OPIOID_MDL_	
31	0000020216-19	
32	E1139.1	

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7	Subject, BZ Pharmacy	
8	PAR OPIOID MDL_	
9	0000020254-57	
10	E1138.1	
11	Endo Macrides-36 Site Visit Report 516	
12	PAR OPIOID MDL_	
13	0001599706	
14	E1087.1	
15	Endo Macrides-37 E-mail, 1/16/15 520	
16	Subject, SOMs Customers	
17	PAR OPIOID MDL_	
18	0000017143	
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20	Endo Macrides-38 (Skipped)	
21	Endo Macrides-39 (Skipped)	
22	Endo Macrides-40 E-mail Thread 532	
23	5/8/13	
24	Subject, TopRx	
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5	NO. DESCRIPTION PAGE	
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7	And Customers Reported	
8	To DEA by Par	
9	(No Bates)	
10	E1788.1	
11	Endo Macrides-42 Supply Chain & 476	
12	DEA Compliance	
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14	02278909-17	
15	E0391.1	
16	Endo Macrides-43 (Skipped)	
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22	Endo Macrides-46 E-mail Thread 608	
23	5/9/14	
24	Subject, SOM	
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5	NO. DESCRIPTION PAGE	
6	Endo Macrides-47 E-mail Thread 612	
7	8/31/17	
8	Subject, Privileged	
9	& Confidential	
10	Draft Response	
11	ENDO OPIOID MDL-	
12	06235529-37	
13	Endo Macrides-48 E-mail Thread 613	
14	7/11/12	
15	Subject, American	
16	Pain	
17	ENDO OPIOID MDL-	
18	06211237-45	
19	Endo Macrides-49 E-mail Thread 627	
20	8/9/12	
21	Subject, UPS's	
22	Know Your Customer	
23	Program	
24	ENDO OPIOID MDL-	
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7	Declaration of	
8	Mark Collins	
9	Endo Macrides-52 E-mail Thread 653	
10	10/29/13	
11	Subject, Opana	
12	ER Risk Management	
13	ENDO OPIOID MDL-	
14	01398417-20	
15	Endo Macrides-53 E-mail Thread 659	
16	2/1/17	
17	Subject, Opana ER	
18	Risk Management	
19	ENDO OPIOID MDL-	
20	01239749-53	
21	Endo Macrides-54 E-mail Thread 667	
22	4/1/14	
23	Subject, C-II	
24	Orders Handled by	
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5	NO. DESCRIPTION PAGE
6	Endo
7	Macrides-56 E-mail, 10/3/16 680
8	Subject, Pilot
9	Doctors Pharmacy
10	Data
11	ENDO_OPIOID_MDL-
12	01905809
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2	DEPOSITION SUPPORT INDEX
3	- - -
4	
5	Direction to Witness Not to Answer
6	PAGE LINE
7	None.
8	Request for Production of Documents
9	PAGE LINE
10	None.
11	Stipulations
12	PAGE LINE
13	None.
14	Questions Marked
15	PAGE LINE
16	None.
17	
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Page 20

1	- - -
2	THE VIDEOGRAPHER: We are
3	now on the record. My name is
4	Devyn Mulholland. I'm a
5	videographer for Golkow Litigation
6	Services.
7	Today's date is March 15,
8	2019. The time is 9:05 a.m.
9	This video deposition is
10	being held in Philadelphia,
11	Pennsylvania, in the matter of
12	National Prescription Opiate
13	Litigation.
14	The deponent is Steven
15	Macrides.
16	Counsel will be noted on the
17	stenographic record.
18	The court reporter is
19	Michelle Gray and will now swear
20	in the witness.
21	- - -
22	... STEPHEN C. MACRIDES,
23	having been first duly sworn, was
24	examined and testified as follows:

Page 21

1	- - -
2	EXAMINATION
3	- - -
4	BY MR. BUCHANAN:
5	Q. Good morning, Mr. Macrides.
6	How are you today?
7	A. Good. How are you?
8	Q. Good. Welcome to your
9	deposition. Could you state your full
10	name for the record, please?
11	A. Steven Christopher Macrides.
12	Q. Okay. I understand that you
13	are a current employee of Endo
14	International; is that correct?
15	A. I am.
16	Q. Okay. Let me pass you a
17	copy of your CV.
18	(Document marked for
19	identification as Exhibit
20	Endo-Macrides-1.)
21	BY MR. BUCHANAN:
22	Q. It's been handed to me by
23	your counsel. I assume you saw it before
24	you came in today.

<p style="text-align: right;">Page 22</p> <p>1 A. I have.</p> <p>2 Q. Is this your current CV,</p> <p>3 current form of your CV?</p> <p>4 A. It's the most updated</p> <p>5 version, yes.</p> <p>6 Q. Okay. And I put that</p> <p>7 qualifier on, because I understand that</p> <p>8 it hasn't been updated in a few months,</p> <p>9 years, how long?</p> <p>10 A. I haven't updated this</p> <p>11 probably in a year, year and-a-half.</p> <p>12 Q. Okay. I see the last most</p> <p>13 recent updated entry at the bottom of</p> <p>14 page one, vice president global supply</p> <p>15 chain 6-2017 to the present for Endo</p> <p>16 International, correct?</p> <p>17 A. Right. That's not my</p> <p>18 current title, however.</p> <p>19 Q. Okay. What is your current</p> <p>20 title?</p> <p>21 A. My current title is senior</p> <p>22 vice president of global supply chain.</p> <p>23 Q. Okay. And we're not going</p> <p>24 to have a copy of this for the video, so</p>	<p style="text-align: right;">Page 24</p> <p>1 Q. Okay. Moved up and became a</p> <p>2 vice president in 2015, correct?</p> <p>3 A. Correct.</p> <p>4 Q. And then that was vice</p> <p>5 president supply chain generics from</p> <p>6 February 2015 to 2017, correct?</p> <p>7 A. Correct.</p> <p>8 Q. And then in 2017, you became</p> <p>9 the vice president of global supply</p> <p>10 chain, so you took responsibility, I take</p> <p>11 it for both branded and nonbranded</p> <p>12 products; is that right?</p> <p>13 MS. VANNI: Object to form.</p> <p>14 THE WITNESS: At that time I</p> <p>15 had some responsibility for</p> <p>16 branded and generics, yes.</p> <p>17 BY MR. BUCHANAN:</p> <p>18 Q. Okay. So prior to 2017,</p> <p>19 from 2015 to 2017, to be more specific,</p> <p>20 you were responsible for the supply chain</p> <p>21 for generics, correct?</p> <p>22 A. Correct.</p> <p>23 Q. Okay. Have you had your</p> <p>24 deposition taken before?</p>
<p style="text-align: right;">Page 23</p> <p>1 can I have the Elmo, please.</p> <p>2 All right. To orient us</p> <p>3 here, sir, this is Exhibit 1 to your</p> <p>4 deposition. This is the most current</p> <p>5 version of your CV, correct?</p> <p>6 A. Yes.</p> <p>7 Q. Okay. And you corrected or</p> <p>8 clarified orally this entry at the</p> <p>9 bottom, or at least provided a more</p> <p>10 current title. It's senior vice</p> <p>11 president; is that right?</p> <p>12 A. That's correct.</p> <p>13 Q. Same division or function,</p> <p>14 global supply chain?</p> <p>15 A. Global supply chain.</p> <p>16 Q. Gotcha.</p> <p>17 Okay. You have been with</p> <p>18 Endo, as I understand it, for a few</p> <p>19 years; is that right?</p> <p>20 A. Since 2012.</p> <p>21 Q. Okay. And senior director</p> <p>22 finance enterprise supply chain 2012 to</p> <p>23 2015; is that right?</p> <p>24 A. That's correct.</p>	<p style="text-align: right;">Page 25</p> <p>1 A. Once.</p> <p>2 Q. And what was the context on</p> <p>3 that?</p> <p>4 A. It was a litigation related</p> <p>5 to a previous company that I worked for.</p> <p>6 Q. Okay. How many years ago?</p> <p>7 A. That would have been in --</p> <p>8 prior to 2000. I don't remember the</p> <p>9 exact year.</p> <p>10 Q. You understand, sir, your</p> <p>11 deposition is being taken today by</p> <p>12 counsel for various municipalities,</p> <p>13 counties, states for the MDL and</p> <p>14 litigation against manufacturers and</p> <p>15 distributors of opioid products, correct?</p> <p>16 A. I understand.</p> <p>17 Q. Okay. In connection with</p> <p>18 your prior deposition, was your prior</p> <p>19 deposition in an action that related in</p> <p>20 any way to opioid products?</p> <p>21 A. No.</p> <p>22 Q. Okay. Did it relate to drug</p> <p>23 products?</p> <p>24 A. No.</p>

<p style="text-align: right;">Page 26</p> <p>1 Q. Okay. Was it a personal 2 matter? 3 A. It was a -- how do I 4 describe it? It was a matter related to 5 diversion of funds. That's the best way 6 I can describe it. 7 Q. Okay. A claim involving a 8 government entity or not? 9 A. No, it was a claim involving 10 a contractor and a CEO who had been 11 involved in some redirection of funds for 12 personal use. 13 Q. Okay. And what entity were 14 you working for at that time? 15 A. I was working for a company 16 called Astra USA. 17 Q. Okay. So you have been an 18 employee of Endo or Endo affiliates since 19 2012? 20 A. Correct. 21 Q. Okay. And current home base 22 for you is here in the states or 23 overseas? 24 A. I'm an ex-pat. So I -- my</p>	<p style="text-align: right;">Page 28</p> <p>1 have a copy of the notice and the 2 letter. 3 (Document marked for 4 identification as Exhibit 5 Endo-Macrides-2.) 6 BY MR. BUCHANAN: 7 Q. Passing you, sir, what's 8 been marked as Exhibit 2 to your 9 deposition. It's a document entitled 10 "Notice of Deposition of Stephen 11 Macrides." That's for here at this 12 location today. 13 Do you see that? 14 A. I see it. 15 Q. You see that it was a notice 16 that was issued to the entities. And 17 you've been designated to testify on 18 certain particular topics. Do you see 19 those topics? 30, 31, 32, 33, and 35? 20 A. I see that. 21 Q. Okay. I take it that you've 22 had a chance to see this notice before, 23 sir? 24 A. Yes, I've seen this notice.</p>
<p style="text-align: right;">Page 27</p> <p>1 job technically is based in Dublin, 2 Ireland. 3 Q. Okay. So let's -- when we 4 see here employment history 2015 to the 5 present. Is the entity that you work for 6 still Endo International PLC? 7 A. It is. 8 Q. Okay. You were working for 9 Endo International PLC, no longer at the 10 Malvern location, but now in an ex-US 11 location? 12 A. My office is in Dublin, 13 Ireland. 14 Q. Gotcha. And how long has 15 that been the case? 16 A. About two years. 17 Q. Okay. You understand, sir, 18 that you've been called to testify 19 obviously about information that you may 20 have personally. But you've also been 21 designated to speak on behalf of the 22 company on certain topics, correct? 23 A. I understand that. 24 MR. BUCHANAN: Okay. Can I</p>	<p style="text-align: right;">Page 29</p> <p>1 Q. I take it that you've had a 2 chance to see the topics? 3 A. I've seen the topics. 4 Q. Okay. Passing you what we 5 are marking as Exhibit 3. 6 (Document marked for 7 identification as Exhibit 8 Endo-Macrides-3.) 9 BY MR. BUCHANAN: 10 Q. And this is kind of the 11 inside baseball, the way this case is 12 proceeding. 13 It's an e-mail thread 14 between -- 15 MS. VANNI: Thank you. 16 BY MR. BUCHANAN: 17 Q. -- counsel for your employer 18 and related entities, and counsel for 19 plaintiffs concerning those topics. 20 Have you seen this 21 correspondence? Feel free to flip the 22 pages. 23 A. I haven't actually seen this 24 document.</p>

<p style="text-align: right;">Page 30</p> <p>1 Q. Let -- let me direct your 2 attention, sir, to, for the record, 3 Exhibit 3 is an exchange among 4 Ms. Scullion of my office and Mr. Davis 5 and others, counsel noted in the room, 6 related to the deposition today. 7 Do you see the headline, 8 subject Re, opiates Macrides topics? 9 A. I see that. 10 Q. Okay. And I understand you 11 may not have seen the topics in this 12 form, you may have seen them in some 13 other digested form. But I just want to 14 confirm that we are on the same page 15 before we get rolling today, okay. 16 Let's turn to Page 3, turn 17 to Page 3. 18 And we have at the bottom of 19 the page it says, "For ease of reference 20 we set forth here our now modestly 21 revised agreements on topics to which 22 Mr. Macrides will be prepared to testify 23 under Rule 30(b)(6) as a corporate 24 representative for Endo/Par."</p>	<p style="text-align: right;">Page 32</p> <p>1 prepared to talk about that today? 2 A. I understand. 3 Q. Okay. 4 MS. VANNI: Counsel, just 5 note for the record that there is 6 a time limitation that we worked 7 out with counsel, Ms. Scullion, 8 with respect to Qualitest 9 Pharmaceuticals and the purchase, 10 and this witness is prepared to 11 testify as far back as 12 October 31st, 2007. 13 MR. BUCHANAN: Yeah, I -- 14 there's -- there's some debate 15 about that point, and we'll 16 clarify that as we proceed today. 17 But I'll -- I'll note that, 18 and the e-mail also notes a 19 clarifying point on that. And 20 we'll get to that in a moment. 21 BY MR. BUCHANAN: 22 Q. For Par, including 23 Qualitest, for all periods during which 24 any Class II opioids were sold an</p>
<p style="text-align: right;">Page 31</p> <p>1 Do you see that? 2 A. I see it. 3 Q. Do you see the statement for 4 Topic 30? 5 A. I see it. 6 Q. Okay. I'll just give you a 7 moment to read that. I'll read it while 8 you read it to yourself. "For Endo and 9 Par, including Qualitest, for all periods 10 during which any Class II opioids were 11 sold, an explanation of the applicable 12 policies, procedures, records and systems 13 to investigate, report or halt actual or 14 suspected suspicious orders, as well as 15 the substance of, A, the reasons for 16 material changes to the same; B, the 17 effectiveness of the same; and C, reports 18 to the DEA or Ohio authorities with the 19 understanding that the witness will not 20 have committed to memory every report." 21 Did I read that correctly? 22 A. You did. 23 Q. Did you have that 24 understanding, sir, that you were to be</p>	<p style="text-align: right;">Page 33</p> <p>1 explanation of the applicable policies, 2 procedures, records and systems to 3 investigate, report or halt actual or 4 suspected abuse or diversion, as well as 5 the substance of, A, the reasons for 6 material changes to the same; B, the 7 effectiveness of the same; and C, reports 8 to the DEA or Ohio authorities with the 9 understanding the witness will not have 10 committed to memory every report." 11 Did I read that correctly? 12 A. Yes. 13 Q. And you have that 14 understanding -- 15 A. I understand. 16 Q. -- to be prepared to testify 17 to that today? 18 A. I understand. 19 Q. Okay. Please take a look at 20 Topic 31. I don't think I'm going to 21 litter the record with a reading of each 22 of these. 23 I'd like you to read 24 Topic 31 to yourself. It's displayed on</p>

<p style="text-align: right;">Page 34</p> <p>1 the screen so there's no dispute as to 2 what we're referring to. 3 There are two bullets there, 4 one for Endo and Par, and one for Par 5 separately. Just let me know after 6 you've read it. 7 A. I've read it. 8 Q. Okay. Are you prepared to 9 testify on those topics today, sir? 10 A. I am. 11 Q. Okay. Topic 32. Please 12 read those two bullets. They are now 13 displayed on the screen. One for Endo 14 and Par. One for just Par including 15 Qualitest. 16 A. I've read it. 17 Q. Okay. You had that 18 understanding before you came in today, 19 sir, you were going to be providing 20 testimony on those topics? 21 A. I understand. 22 Q. Okay. And you are prepared 23 to do so? 24 A. I am.</p>	<p style="text-align: right;">Page 36</p> <p>1 order monitoring, diversion, abuse, you 2 saw those in your re-reading of the 3 topics? 4 A. I did. 5 Q. Okay. Have you held a DEA 6 compliance function for Endo, Par, or 7 Qualitest? 8 A. The DEA compliance function 9 reports to me. 10 Q. So my question was, have you 11 held a DEA compliance function in your 12 time at Endo, Par, or Qualitest? 13 A. When you say held, I'm not 14 sure exactly what you mean by held. 15 Q. Okay. I looked at your 16 CV -- 17 A. Have -- have I been the head 18 of DEA compliance? 19 Q. Yeah. 20 A. No, I have not been the head 21 of DEA compliance. 22 Q. Have you been somebody who 23 has been kind of hands-on in ensuring DEA 24 compliance?</p>
<p style="text-align: right;">Page 35</p> <p>1 Q. Okay. Topic 33. Could you 2 read that please? 3 A. I've read it. 4 Q. Okay. Before you came in 5 today you had the understanding you were 6 going to be providing testimony on that 7 topic? 8 A. I understand. 9 Q. Are you prepared to do so? 10 A. I am. 11 Q. Okay. And Topic 35. Could 12 you read that, please? 13 A. I read it. 14 Q. Okay. Are you prepared to 15 provide testimony on that topic? 16 A. I am. 17 Q. And you had that 18 understanding before you came in today? 19 A. Yes. 20 Q. Okay. Good. All right. A 21 number of the topics, sir, that are -- 22 are listed, or a number of the subject 23 matters that are touched on concern 24 issues related to, I'll say, suspicious</p>	<p style="text-align: right;">Page 37</p> <p>1 A. I've not been hands -- 2 MS. VANNI: Object to form. 3 THE WITNESS: I've not been 4 a hands-on DEA compliance person. 5 BY MR. BUCHANAN: 6 Q. Okay. So if we looked at an 7 org chart and we looked at DEA 8 compliance, for example, there would be a 9 head of DEA compliance, right? 10 A. That's correct. 11 Q. And there may not have been 12 a head of DEA compliance at various 13 points in time. But there currently is, 14 correct? 15 MS. VANNI: Objection. 16 THE WITNESS: There is. 17 BY MR. BUCHANAN: 18 Q. Okay. And if we looked 19 underneath of the -- the role of DEA 20 compliance, we would see names of other 21 people that fulfilled some responsibility 22 within that function, correct? 23 A. You would. 24 MS. VANNI: Objection.</p>

<p style="text-align: right;">Page 38</p> <p>1 BY MR. BUCHANAN:</p> <p>2 Q. Would you fall either in the</p> <p>3 head or underneath that kind of pyramid</p> <p>4 of structure for DEA compliance?</p> <p>5 A. The head of DEA compliance</p> <p>6 would report to me --</p> <p>7 Q. Okay. So --</p> <p>8 A. -- as part of my overall</p> <p>9 responsibility.</p> <p>10 Q. So the answer to my question</p> <p>11 would be you would not be within that</p> <p>12 umbrella, you would be above that</p> <p>13 umbrella?</p> <p>14 A. That's correct.</p> <p>15 Q. Okay. So you're saying that</p> <p>16 the person responsible for that was</p> <p>17 responsible to report to you?</p> <p>18 A. Correct.</p> <p>19 Q. Okay. Have you been</p> <p>20 responsible yourself for suspicious order</p> <p>21 monitoring?</p> <p>22 MS. VANNI: Object to form.</p> <p>23 THE WITNESS: Not directly.</p> <p>24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 40</p> <p>1 Q. Okay. Endo is the result of</p> <p>2 a few executives from DuPont, Merck</p> <p>3 leaving in 1997, forming a new entity</p> <p>4 around that time, correct?</p> <p>5 A. That's my understanding.</p> <p>6 Q. And Endo has been in the</p> <p>7 business of the manufacture and sale and</p> <p>8 distribution of opioids since about 1997,</p> <p>9 fair?</p> <p>10 A. That's my understanding.</p> <p>11 MS. VANNI: Just for the</p> <p>12 record, you're asking him these</p> <p>13 questions in his personal</p> <p>14 capacity, based on his personal</p> <p>15 understanding or are you asking</p> <p>16 his 30(b)(6)?</p> <p>17 MR. BUCHANAN: I think I</p> <p>18 need to understand how he could do</p> <p>19 his job as a 30(b)(6). So I</p> <p>20 mean -- on the 30(b)(6) topics.</p> <p>21 So we're trying to elicit</p> <p>22 corporate testimony.</p> <p>23 BY MR. BUCHANAN:</p> <p>24 Q. Prior to the merger with</p>
<p style="text-align: right;">Page 39</p> <p>1 Q. Okay. Have you been</p> <p>2 responsible yourself for ensuring there</p> <p>3 were effective controls against</p> <p>4 diversion?</p> <p>5 A. Yes.</p> <p>6 Q. In what sense, sir?</p> <p>7 A. In the sense that the DEA</p> <p>8 compliance function as part of my overall</p> <p>9 responsibilities as a senior vice</p> <p>10 president of global supply chain.</p> <p>11 Q. Okay. And that became the</p> <p>12 case at what point in time?</p> <p>13 A. The DEA compliance function</p> <p>14 reported to me in early 2015.</p> <p>15 Q. Okay.</p> <p>16 A. I don't remember the exact</p> <p>17 date.</p> <p>18 Q. Okay. So -- so let's --</p> <p>19 let's do a little history so we can kind</p> <p>20 of orient ourselves with these companies.</p> <p>21 Because the companies merged and had</p> <p>22 prior histories prior to the mergers,</p> <p>23 correct?</p> <p>24 A. That's right.</p>	<p style="text-align: right;">Page 41</p> <p>1 Endo in 2010, Qualitest was a standalone</p> <p>2 entity, correct?</p> <p>3 A. That's my understanding.</p> <p>4 Q. Qualitest was in the</p> <p>5 business of the manufacture and sale of</p> <p>6 opioid products prior to 2010, correct?</p> <p>7 A. Opioids and other</p> <p>8 medications.</p> <p>9 Q. Qualitest has a history</p> <p>10 going back to the '80s, correct?</p> <p>11 MS. VANNI: Object to form.</p> <p>12 THE WITNESS: It has a long</p> <p>13 history. I'm not sure exactly</p> <p>14 when they began.</p> <p>15 BY MR. BUCHANAN:</p> <p>16 Q. Do you have that knowledge,</p> <p>17 that Qualitest has been in the business</p> <p>18 of manufacturing, distributing opioids</p> <p>19 for dozens of years?</p> <p>20 A. I have an understanding that</p> <p>21 Qualitest has been in the business of</p> <p>22 manufacturing and distributing opioids,</p> <p>23 yes. Through some time period.</p> <p>24 Q. Prior to the 2000s?</p>

<p style="text-align: right;">Page 42</p> <p>1 A. Prior to 2000s, yes. 2 Q. Okay. Fine. Without 3 fussing on a year, prior to the 2000s. 4 Okay. 5 All right. Par is a third 6 entity and prior to its, I'll say, merger 7 with the Endo entities in 2015, was also 8 in the business of the manufacture and 9 distribution and the sale of opioids, 10 correct? 11 A. That's my understanding. 12 Q. Okay. It's got a history of 13 making opioids for years prior to the 14 merger with the Endo/Qualitest entities, 15 correct? 16 MS. VANNI: Object to form. 17 THE WITNESS: It has a 18 history. I don't know the exact 19 details of the history. I'm much 20 more familiar, given that I was an 21 Endo employee. But I do 22 understand that Par was in that 23 business of distributing and 24 manufacturing opioids.</p>	<p style="text-align: right;">Page 44</p> <p>1 MR. BUCHANAN: Can I have 2 E-1811, E-1809, and E-1810. How 3 are they being numbered? 4 (Document marked for 5 identification as Exhibit 6 Endo-Macrides-4.) 7 (Document marked for 8 identification as Exhibit 9 Endo-Macrides-5.) 10 (Document marked for 11 identification as Exhibit 12 Endo-Macrides-6.) 13 BY MR. BUCHANAN: 14 Q. Let's start with Endo just 15 to orient ourselves a little, sir. Just 16 passing you what we're marking as 17 Exhibit 4 to your deposition. 18 MR. BUCHANAN: Can you 19 please pull up E-1811. 20 Can you pull up the 21 left-hand column. 22 BY MR. BUCHANAN: 23 Q. Sir, on the screen and 24 before you -- it might be easier to read</p>
<p style="text-align: right;">Page 43</p> <p>1 BY MR. BUCHANAN: 2 Q. You understand that you've 3 been designated to testify -- 4 A. I understand. 5 Q. Let me just finish the 6 question. And I realize it's been a 7 while since you've last been deposed. 8 But just so we are not stepping on each 9 other with our questions and answers. 10 You understand that you've 11 been designated to testify about systems, 12 procedures, the effectiveness of those 13 procedures that Par, as an entity, 14 maintained or had with regard to opioids, 15 correct? 16 A. I understand that. 17 Q. Okay. You understand that 18 Par was in the business of manufacturing, 19 distributing, and selling opioids prior 20 to 2015, correct? 21 A. I do. 22 Q. Okay. And you are prepared 23 to talk about that today, correct? 24 A. I am.</p>	<p style="text-align: right;">Page 45</p> <p>1 on the screen. You're welcome certainly 2 to try it on the printout. My eyes are 3 challenged for that kind of print. 4 But on the screen you'll see 5 a chart prepared from shipping data that 6 Endo has produced to us and pointed us to 7 in its answers to interrogatories. 8 In connection with your 9 preparation today, sir, did you review 10 Endo, Par, and Qualitest answer to 11 interrogatories? 12 A. Can you just clarify? When 13 you say answer to interrogatories? 14 Q. Right. So what we do kind 15 of when we try to figure things out in 16 litigation, is sometimes we ask for 17 documents, sometimes we ask for answers 18 to questions in writing. 19 They're called 20 interrogatories. It's a formal legal 21 exchange. We have served those on the 22 Endo entities, including Par. We have 23 received responses to those, certain of 24 those questions concerned issues relevant</p>

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1 to our discussion today, including
 2 shipment data, including suspicious order
 3 monitoring protocols, including due
 4 diligence investigations. They represent
 5 the company's formal statement back to us
 6 in response to questions.
 7 Have you reviewed the
 8 company's answers to those questions by
 9 us?
 10 A. I haven't specifically seen
 11 those questions. I reviewed a number of
 12 documents in preparation. But I have not
 13 specifically seen questions from you
 14 to --
 15 Q. That's fine. And maybe I'll
 16 show you one and we can mark that in the
 17 record and get confirmation whether
 18 you've seen that or not.
 19 I'll represent to you, sir,
 20 that what we see on the screen is
 21 prepared from shipping data that Endo has
 22 pointed us to.
 23 And it reflects a range of
 24 products over a range of years, opioid

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1 products that Endo has manufactured,
 2 marketed and sold. Do you see that list,
 3 sir?
 4 A. I see it.
 5 Q. Do you recognize that, sir,
 6 as a list of products, opioid-containing
 7 products that Endo has made over the
 8 years?
 9 MS. VANNI: Object to form.
 10 THE WITNESS: I do.
 11 BY MR. BUCHANAN:
 12 Q. Okay. And you can see at
 13 the bottom, sir, there's a tally of total
 14 pills and units shipped for each of the
 15 years.
 16 A. I see that.
 17 Q. Okay. And you can see, and
 18 we can go back in time. All the way, not
 19 too long after Endo's beginning. Endo is
 20 shipping hundreds of millions of pills or
 21 dosage units of opioid-containing
 22 products, correct, sir?
 23 MS. VANNI: Objection.
 24 BY MR. BUCHANAN:

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1 Q. Do you see that?
 2 A. Yes. Endo is shipping
 3 opioid pills to the patients that needed
 4 them.
 5 Q. Well, Endo was shipping
 6 opioids to who was ordering them,
 7 correct?
 8 MS. VANNI: Object to form.
 9 THE WITNESS: Yes, Endo was
 10 shipping patients -- Endo was
 11 shipping pills, medicines to our
 12 customers to give to patients who
 13 needed them.
 14 BY MR. BUCHANAN:
 15 Q. Okay. Well, the way it
 16 works, sir, as I understand it, in your
 17 business, is the company gets orders,
 18 right?
 19 A. That's correct.
 20 Q. And the company processes
 21 orders, right?
 22 A. We do.
 23 Q. Okay. So that little piece
 24 that you're putting on the end -- and you

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1 understand that Endo, Par and Qualitest
 2 products were subject to abuse and
 3 diversion, correct?
 4 MS. VANNI: Object to form.
 5 THE WITNESS: I understand
 6 that opioid products, if not
 7 properly controlled and kept
 8 within a closed system, can be
 9 subject to abuse.
 10 BY MR. BUCHANAN:
 11 Q. By definition, sir,
 12 controlled substance, certainly a C-II
 13 controlled substance has a high risk of
 14 abuse and diversion, correct?
 15 MS. VANNI: Object to form.
 16 THE WITNESS: It does, which
 17 is why we have regulations and
 18 controls that we abide by in the
 19 management, manufacture, and
 20 distribution of those products.
 21 MR. BUCHANAN: We'll move to
 22 strike everything after "it does."
 23 BY MR. BUCHANAN:
 24 Q. And we can agree, sir, over

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1 the years that Endo, Qualitest and Par's
2 products were abused and diverted,
3 correct?
4 MS. VANNI: Objection.
5 THE WITNESS: I don't know
6 to what degree Endo and Qualitest
7 products were diverted.
8 BY MR. BUCHANAN:
9 Q. I didn't ask you to what
10 degree. We can agree that Endo and
11 Qualitest opioid products were abused and
12 diverted, correct, sir?
13 MS. VANNI: Objection.
14 THE WITNESS: We can agree
15 that if these products are not
16 properly controlled, they can be
17 diverted and abused.
18 BY MR. BUCHANAN:
19 Q. That's not my question.
20 Sitting here today, as the
21 corporate representative for Par, Endo
22 and Qualitest, is it your testimony, sir,
23 that no -- and we're looking at hundreds
24 of millions of pills and dosage units for

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1 each year, that none of the Endo opioids,
2 of the Par opioids, of the Qualitest
3 opioids, were abused or diverted, is that
4 your testimony, sir?
5 MS. VANNI: Objection.
6 THE WITNESS: I can't -- I
7 cannot speak to the degree to
8 which Endo or Qualitest opioid
9 products may or may not have been
10 abused.
11 What I can testify to is
12 that if these products are not
13 properly controlled, they -- they
14 can be abused and diverted.
15 BY MR. BUCHANAN:
16 Q. Right. And again, you keep
17 coming back to the degree, which I guess
18 does answer my question, sir.
19 Because you do agree that
20 Endo, Qualitest and Par products were
21 abused and diverted?
22 A. I agree that these
23 products --
24 MS. VANNI: Objection.

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1 Objection. Misstates his
2 testimony.
3 Go ahead. Give me a second
4 to object.
5 THE WITNESS: I -- sorry.
6 MS. VANNI: It's okay.
7 BY MR. BUCHANAN:
8 Q. You can answer.
9 MS. VANNI: You can answer.
10 THE WITNESS: I'm testifying
11 that these products, if not
12 properly controlled, can be abused
13 or diverted.
14 BY MR. BUCHANAN:
15 Q. I'm just trying to get an
16 answer, sir, to a very, I think, simple
17 question.
18 Is it the testimony of Endo,
19 Par and Qualitest corporate designee that
20 Endo, Qualitest, and Par's opioid
21 products were not abused or diverted?
22 MS. VANNI: Objection.
23 BY MR. BUCHANAN:
24 Q. Is that your testimony, sir?

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1 MS. VANNI: Objection.
2 Asked and answered.
3 THE WITNESS: My testimony
4 is that if these products are not
5 properly controlled, they can be
6 abused or diverted.
7 BY MR. BUCHANAN:
8 Q. Okay. I don't think we're
9 communicating, are we?
10 MS. VANNI: Objection to
11 colloquy.
12 BY MR. BUCHANAN:
13 Q. This feels like a Sunday
14 morning talk show five minutes in.
15 Are you having a problem
16 understanding my question?
17 MS. VANNI: Objection.
18 THE WITNESS: I don't --
19 I -- I'm not having a problem
20 understanding your question.
21 BY MR. BUCHANAN:
22 Q. Okay. So my question, sir,
23 and just as a -- it will really help us,
24 I think, throughout the day, if I

<p style="text-align: right;">Page 54</p> <p>1 understand really the point of view of 2 the company with regard to whether or not 3 its drugs have been -- have been abused 4 or diverted. 5 MS. VANNI: Objection. 6 Asked and answered. 7 BY MR. BUCHANAN: 8 Q. Is it the companies' 9 understanding that its drugs have not 10 been abused or diverted? 11 MS. VANNI: Objection. 12 THE WITNESS: I'm saying 13 that it's the companies' 14 understanding that if its products 15 are not properly controlled and 16 kept within a closed system, that 17 they can be abused or diverted. 18 That's how I'm answering the 19 question. 20 BY MR. BUCHANAN: 21 Q. I -- I understand that, as 22 a -- as a speaker of the English 23 language, do you understand my question? 24 MS. VANNI: Objection to</p>	<p style="text-align: right;">Page 56</p> <p>1 Q. Would that surprise you? 2 A. As I stated, if our products 3 are not properly controlled, they can be 4 diverted. 5 Q. I'm asking you whether you'd 6 be surprised to learn that your products 7 were abused and diverted? 8 MS. VANNI: Object to form. 9 THE WITNESS: I would be 10 surprised in the context that we 11 have proper controls in place to 12 prevent abuse and diversion. 13 BY MR. BUCHANAN: 14 Q. I -- what does that mean? 15 I'm just asking you as a fact. 16 As a fact, would it be 17 surprising to you, sir, that drugs were 18 not used for legitimate medical need 19 pursuant to proper prescription, would 20 that surprise you? 21 MS. VANNI: Object to form. 22 THE WITNESS: I understand 23 that there is an opioid abuse 24 epidemic in this country.</p>
<p style="text-align: right;">Page 55</p> <p>1 form. Argumentative. 2 BY MR. BUCHANAN: 3 Q. Do you understand what I'm 4 asking? 5 A. I understand what you're 6 asking. 7 Q. And you're electing not to 8 answer it? 9 A. You're asking me if I have 10 specific knowledge that our products have 11 been abused, and I'm telling you that I 12 do not. 13 Q. No, no. 14 A. What I -- what I'm telling 15 you is that I have an understanding that 16 if our products are not properly 17 controlled, they can be abused or 18 diverted. 19 Q. Would it surprise you to 20 learn, sir, that, in fact, Endo's, 21 Qualitest's, and Par's products were 22 indeed abused and diverted? 23 MS. VANNI: Object to form. 24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 57</p> <p>1 BY MR. BUCHANAN: 2 Q. Okay. 3 A. And I understand that opioid 4 products are making their way out of the 5 closed system and are subject to abuse 6 and diversion. Yes, I understand that. 7 Q. Okay. Okay. So we can 8 agree on a few things then. 9 There's an opioid epidemic. 10 MS. VANNI: Object to form. 11 THE WITNESS: Opioid abuse 12 epidemic. 13 BY MR. BUCHANAN: 14 Q. Okay. So, meaning opioids 15 are being abused that were made for 16 medical purposes, but are, in fact, being 17 abused and used in illicit ways, fair? 18 A. I understand that there is 19 abuse of opioids. 20 Q. You are, you, speaking for 21 the company, are a very large 22 manufacturer and distributor of opioid 23 products, correct? 24 MS. VANNI: Object to form.</p>

<p style="text-align: right;">Page 58</p> <p>1 THE WITNESS: We are a 2 manufacturer and distributor of 3 opioid products. 4 BY MR. BUCHANAN: 5 Q. Okay. Looking at our chart 6 here, we see billions and billions and 7 billions of pills for one of the three 8 entities that were made over the years of 9 opioid products, correct? 10 MS. VANNI: Objection. Also 11 objection to the use of this 12 demonstrative with this witness. 13 You're asking him to authenticate 14 your demonstrative. I think it's 15 an improper use. 16 MR. BUCHANAN: Well, that's 17 interesting, because we've asked 18 you to authenticate things and you 19 just consistently refuse to do so. 20 So I do have a corporate rep 21 who is here so... 22 BY MR. BUCHANAN: 23 Q. So are you aware of anything 24 that's wrong with this chart, sir?</p>	<p style="text-align: right;">Page 60</p> <p>1 want me to? 2 Q. I was referring to 1999 to 3 orient you. 4 A. 1999, 357 million. 5 Q. And we can go forward to 6 2000 and we see, I guess, business has 7 grown, right? 8 MS. VANNI: Object to form. 9 THE WITNESS: We see -- 10 BY MR. BUCHANAN: 11 Q. Did you see more or less in 12 2000? 13 A. We see 545 million in -- I'm 14 sorry, 2000? 15 Q. 2000, what do you see? 16 A. 452 million. 17 Q. Yeah. And my question was, 18 was it growing over 1999? 19 MS. VANNI: Object to form. 20 THE WITNESS: 2000 is a 21 higher number than 1999. 22 BY MR. BUCHANAN: 23 Q. That would mean it's 24 growing?</p>
<p style="text-align: right;">Page 59</p> <p>1 A. What I see with this chart 2 is an average of about 440 million 3 tablets per year being distributed. 4 Q. Consistent with your 5 knowledge and understanding of Endo's 6 production of opioids over the years, 7 sir? 8 A. It is. 9 Q. Okay. So we see all the way 10 back in 1999 hundreds of millions of 11 opioid pills being made by Endo and 12 entering the market, correct? 13 MS. VANNI: Object to form. 14 THE WITNESS: We see pills 15 being distributed to customer to 16 be distributed to patients who 17 need them. 18 BY MR. BUCHANAN: 19 Q. Mm-hmm. And answering my 20 question: Hundreds of millions of pills, 21 correct? 22 A. Is there a specific -- 23 Q. Back in 19 -- 24 A. Is there a specific year you</p>	<p style="text-align: right;">Page 61</p> <p>1 A. There's growth. 2 Q. Okay. And let's see, how 3 did we do from 2000 to 2001, sir? 4 Doing better? 5 MS. VANNI: Object to form. 6 BY MR. BUCHANAN: 7 Q. Selling more? 8 MS. VANNI: Objection. 9 THE WITNESS: We're shipping 10 more product to patients who need 11 them. 12 BY MR. BUCHANAN: 13 Q. Okay. 500 plus million, 14 half a billion pills; is that right? 15 A. 516 million. 16 Q. Okay. 17 MS. VANNI: Also note my 18 objection that he is not a 19 30(b)(6) on sales history. 20 BY MR. BUCHANAN: 21 Q. Okay. I believe, in fact, 22 you are a designee on suspicious order 23 monitoring, correct? 24 A. Correct.</p>

<p style="text-align: right;">Page 62</p> <p>1 Q. Okay. Each of the shipments 2 that are memorialized in shipping records 3 followed an order, right? 4 MS. VANNI: Object to form. 5 THE WITNESS: You need an 6 order to ship a product. 7 BY MR. BUCHANAN: 8 Q. Understood. Since the 9 beginning of Endo's existence, Endo has 10 been charged with maintain -- maintaining 11 effective controls against diversion, 12 correct? 13 MS. VANNI: Object to form. 14 THE WITNESS: The 15 regulations state that we need to 16 have controls to prevent 17 diversion. 18 BY MR. BUCHANAN: 19 Q. Not just any controls, 20 right? 21 A. Can you clarify what you 22 mean by that? 23 Q. You have to have effective 24 controls, right?</p>	<p style="text-align: right;">Page 64</p> <p>1 abide by the regulations and make sure we 2 have effective controls in place to 3 prevent the abuse and diversion of our 4 products, and that's what we've done. 5 Q. As a human being or a 6 company that's supposed to be acting like 7 a human being, you have an obligation to 8 keep this stuff in its channel, right? 9 MS. VANNI: Object to form. 10 THE WITNESS: I don't know 11 what you mean by acting like a 12 human being. That's very vague. 13 What I can tell you is that 14 we have a responsibility to abide 15 by the regulations that are in 16 place to prevent the abuse and 17 diversion of our products. 18 BY MR. BUCHANAN: 19 Q. Is there any doubt in your 20 mind, sir, that this stuff is dangerous? 21 MS. VANNI: Object to form. 22 THE WITNESS: These 23 products, if not properly 24 controlled and kept within the</p>
<p style="text-align: right;">Page 63</p> <p>1 A. Yes. We have to have 2 controls in place to prevent diversion. 3 Q. You have to have -- what's 4 the word you dropped? 5 MS. VANNI: Object to form. 6 BY MR. BUCHANAN: 7 Q. Effective controls, right? 8 A. That those controls should 9 be effective. 10 Q. That's right. 11 A. I don't disagree with you. 12 Q. Okay. So from the 13 beginning, from 1999 till today, Endo has 14 been responsible for ensuring it has 15 effective controls to prevent diversion, 16 correct? 17 A. By the regulations, that's 18 what we need to do. 19 Q. As a reasonable company, 20 that's what you need to do -- 21 MS. VANNI: Object to form. 22 BY MR. BUCHANAN: 23 Q. -- right? 24 A. We have a responsibility to</p>	<p style="text-align: right;">Page 65</p> <p>1 controlled system, can be abused 2 and diverted and in that context 3 could be dangerous. 4 BY MR. BUCHANAN: 5 Q. Dangerous how? 6 MS. VANNI: Object to form. 7 THE WITNESS: I understand 8 they can lead to addiction which 9 can lead to other problems. 10 BY MR. BUCHANAN: 11 Q. Like what? 12 MS. VANNI: Objection. It's 13 beyond the scope of his 30(b)(6). 14 THE WITNESS: It can lead to 15 all kinds of problems. I'm not a 16 doctor, so I can't necessarily 17 speak to the specifics of that. 18 BY MR. BUCHANAN: 19 Q. As a -- as an executive in a 20 pharmaceutical company making opioids in 21 2019, what are some of those dangers, 22 sir? 23 MS. VANNI: Object to form. 24 THE WITNESS: Opioid</p>

<p style="text-align: right;">Page 66</p> <p>1 products, if not properly 2 controlled, can lead to misuse, 3 diversion, and abuse. 4 BY MR. BUCHANAN: 5 Q. And what does that mean, 6 sir? What does that mean? 7 A. That means they -- they can 8 fall outside of the prescribed use for 9 the products and could be dangerous. 10 Q. Dangerous in the sense that 11 they can kill people, right? 12 MS. VANNI: Object to form. 13 THE WITNESS: That could be 14 one outcome. 15 BY MR. BUCHANAN: 16 Q. Are you surprised to learn, 17 sir, that as sales of opioid products 18 have increased over the years, the body 19 count from opioid deaths has increased? 20 MS. VANNI: Objection. 21 BY MR. BUCHANAN: 22 Q. Year after year after year? 23 MS. VANNI: Objection. 24 THE WITNESS: As I stated</p>	<p style="text-align: right;">Page 68</p> <p>1 diverted. 2 MR. BUCHANAN: Can we have 3 the sales chart back up? 4 BY MR. BUCHANAN: 5 Q. So over the course of Endo's 6 history, sir, it looks like you sold 7 enough opioids to give, what, every human 8 being in the United States a 30-count 9 bottle? 10 MS. VANNI: Object to form. 11 BY MR. BUCHANAN: 12 Q. Every human being in the 13 United States? 14 MS. VANNI: Same objection. 15 BY MR. BUCHANAN: 16 Q. Maybe a little shy. 29, 28 17 pills? 18 A. We -- we've sold -- 19 MS. VANNI: Same objection. 20 THE WITNESS: We've sold 21 quantities of products based on 22 orders from customers based on 23 patients who need them. 24 BY MR. BUCHANAN:</p>
<p style="text-align: right;">Page 67</p> <p>1 earlier, I understand that there 2 is an opioid abuse epidemic in 3 this country. 4 BY MR. BUCHANAN: 5 Q. Okay. And I'm talking about 6 one of those dangers with a senior 7 executive of a company that's pretty big 8 in opioids. 9 So is one of those dangers, 10 sir, death? 11 MS. VANNI: Object to the 12 colloquy. 13 THE WITNESS: I don't have 14 specific knowledge on the outcomes 15 of opioid abuse. 16 What I can tell you is that 17 if our products are not properly 18 controlled and kept within the 19 closed system, they can be 20 diverted and abused. 21 Our focus as an organization 22 is to put the right controls in 23 place to make sure that these 24 products are not abused and</p>	<p style="text-align: right;">Page 69</p> <p>1 Q. So, I mean let's -- let's 2 look at really what's happened at this 3 same timeline. 4 Am I correct, sir, in 5 understanding that you don't have an 6 appreciation that deaths secondary to 7 opioid use have increased dramatically as 8 use of opioids has increased 9 dramatically? 10 MS. VANNI: Objection. 11 Misstates his testimony. 12 THE WITNESS: As I stated 13 earlier, I understand that there 14 is an opioid abuse epidemic in 15 this country. And I understand 16 that death could be an outcome of 17 that. 18 BY MR. BUCHANAN: 19 Q. Okay. Okay. And then do 20 you understand, sir, that as sales of 21 opioids have gone up, yours included, 22 deaths have gone up? 23 MS. VANNI: Objection. 24 BY MR. BUCHANAN:</p>

<p style="text-align: right;">Page 70</p> <p>1 Q. Do you have that 2 understanding, sir? 3 A. I don't have specific 4 knowledge about the number of -- of 5 deaths related to opioid abuse. 6 Q. Okay. Am I correct, sir, 7 you have current responsibility for DEA 8 compliance? 9 A. I have responsibility for 10 DEA compliance. 11 (Document marked for 12 identification as Exhibit 13 Endo-Macrides-7.) 14 BY MR. BUCHANAN: 15 Q. Passing you what we're 16 marking as Exhibit 7 to your deposition. 17 In examining the companies' 18 DEA compliance function, and the 19 effectiveness of the companies' controls, 20 have you sought to understand really what 21 has happened in terms of abuse and death 22 as sales have boomed? 23 MS. VANNI: Objection. 24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 72</p> <p>1 A. Yeah, I see a chart with a 2 lot of colors on it. 3 Q. Right. And what -- most of 4 them are blue, right? 5 A. Right. 6 Q. You recognize blue as being 7 a pretty good thing, or at least on the 8 lower end of the scale, right? 9 MS. VANNI: Object to form. 10 THE WITNESS: I see the 11 scale says estimated age, adjusted 12 death rate. I see that. 13 BY MR. BUCHANAN: 14 Q. Per 100,000. And you see 15 you know, less than two is deep blue. 16 And then, you know, going from blue to 17 red. Red and brown. That's really where 18 you don't want to be, right? 19 MS. VANNI: Object to form. 20 And object to use of this in any 21 capacity as a 30(b)(6) witness. 22 THE WITNESS: I -- I 23 don't -- 24 MS. VANNI: Let me just</p>
<p style="text-align: right;">Page 71</p> <p>1 Q. Grown? 2 MS. VANNI: Objection to 3 form. Beyond the scope of his 4 30(b)(6). You can answer. 5 THE WITNESS: As I stated 6 earlier, what I understand is that 7 there is an opioid abuse epidemic 8 in this country. And I understand 9 that that has gotten worse over a 10 period of time. 11 And as a responsible person 12 for DEA compliance, we have 13 continued to evolve and enhance 14 our programs to ensure that we 15 have the proper controls in place 16 to prevent diversion and abuse. 17 BY MR. BUCHANAN: 18 Q. Okay. Well, let's look at 19 where we were in 1999, sir. Where we 20 were in this country in terms of deaths 21 per 100,000 people in this country from 22 opioids. 23 Do you see the chart in 24 front of you?</p>	<p style="text-align: right;">Page 73</p> <p>1 finish my objection, Steve. 2 THE WITNESS: Sorry. 3 MS. VANNI: He was noticed 4 to provide testimony on the 5 applicable procedures and policies 6 of the company, and you're asking 7 him now to interpret data, the 8 source of which he doesn't even 9 know. 10 MR. BUCHANAN: I -- I 11 understand your objection. I 12 think it fits either his 30(b)(6) 13 or his personal capacity, Counsel. 14 We don't have to fuss about it. 15 He is an executive with 16 current responsibility over DEA 17 compliance. 18 MS. VANNI: Just note my 19 objection. 20 BY MR. BUCHANAN: 21 Q. But you'd agree, sir -- I 22 don't think I got an answer to my last 23 question. 24 You could agree that brown</p>

<p style="text-align: right;">Page 74</p> <p>1 is worse, right?</p> <p>2 MS. VANNI: Object to form.</p> <p>3 THE WITNESS: I'm just</p> <p>4 trying to interpret this.</p> <p>5 BY MR. BUCHANAN:</p> <p>6 Q. You haven't seen it before?</p> <p>7 A. What -- what -- what is</p> <p>8 the --</p> <p>9 Q. Let's start with --</p> <p>10 A. -- estimated age adjusted</p> <p>11 death rate. Death from opioids? It</p> <p>12 doesn't say that.</p> <p>13 Q. Have you seen this before,</p> <p>14 sir?</p> <p>15 A. I don't believe I've seen</p> <p>16 these documents.</p> <p>17 Q. Okay. Well, let's scroll</p> <p>18 forward in time. See, let's just kind of</p> <p>19 take a snapshot here. Let's go to 2005.</p> <p>20 You see that?</p> <p>21 A. 2005.</p> <p>22 Q. Actually let's go to --</p> <p>23 yeah, 2005 is good.</p> <p>24 A. Okay.</p>	<p style="text-align: right;">Page 76</p> <p>1 THE WITNESS: I see that.</p> <p>2 BY MR. BUCHANAN:</p> <p>3 Q. Okay. And we're talking</p> <p>4 about brown, we're talking about</p> <p>5 age-adjusted death rates per 100,000</p> <p>6 people greater than 30, right?</p> <p>7 A. That's what it says.</p> <p>8 Q. Talking about the deepest</p> <p>9 blue, we are talking about less than two,</p> <p>10 right?</p> <p>11 A. That's what it says.</p> <p>12 Q. Okay. So we got a lot of</p> <p>13 bodies piling up in this country.</p> <p>14 MS. VANNI: Object to form.</p> <p>15 BY MR. BUCHANAN:</p> <p>16 Q. Did you have that knowledge,</p> <p>17 sir?</p> <p>18 MS. VANNI: Objection.</p> <p>19 BY MR. BUCHANAN:</p> <p>20 Q. Due to opioids?</p> <p>21 MS. VANNI: Objection.</p> <p>22 THE WITNESS: As I stated</p> <p>23 earlier, I -- I understand that</p> <p>24 there is an opioid abuse epidemic</p>
<p style="text-align: right;">Page 75</p> <p>1 Q. You see the blue starting to</p> <p>2 get from deep blue to lighter blue, we're</p> <p>3 starting to see more orange or more brown</p> <p>4 in the chart?</p> <p>5 MS. VANNI: Object to form.</p> <p>6 THE WITNESS: I see that.</p> <p>7 BY MR. BUCHANAN:</p> <p>8 Q. Okay. Let's move forward</p> <p>9 now to I guess around the time -- when</p> <p>10 did you say you joined the company?</p> <p>11 A. 2012.</p> <p>12 Q. 2012. Let's -- let's kind</p> <p>13 of scroll forward. 2012. Wow, we got a</p> <p>14 lot of brown and amber and red and</p> <p>15 yellow.</p> <p>16 A lot less blue, right, sir?</p> <p>17 MS. VANNI: Object to form.</p> <p>18 THE WITNESS: There's less</p> <p>19 blue than there was in the first</p> <p>20 chart.</p> <p>21 BY MR. BUCHANAN:</p> <p>22 Q. A lot more brown, and a lot</p> <p>23 more red, right?</p> <p>24 MS. VANNI: Object to form.</p>	<p style="text-align: right;">Page 77</p> <p>1 in this country. And I understand</p> <p>2 that that has gotten worse over</p> <p>3 some time period.</p> <p>4 BY MR. BUCHANAN:</p> <p>5 Q. Okay.</p> <p>6 A. As I stated earlier, we have</p> <p>7 put enhanced controls in place over the</p> <p>8 years to prevent the diversion and abuse</p> <p>9 of our products.</p> <p>10 I don't really know how to</p> <p>11 interpret these charts relative to Endo's</p> <p>12 products.</p> <p>13 What I can tell you is what</p> <p>14 I just stated.</p> <p>15 Q. Right. Would it surprise</p> <p>16 you, sir, that abuse and diversion was</p> <p>17 increasing over the years for opioids?</p> <p>18 A. I just --</p> <p>19 MS. VANNI: Object to form.</p> <p>20 THE WITNESS: -- stated that</p> <p>21 I understood there was an opioid</p> <p>22 abuse epidemic and it had been</p> <p>23 getting worse over some time</p> <p>24 period.</p>

<p style="text-align: right;">Page 78</p> <p>1 BY MR. BUCHANAN: 2 Q. Fair enough. 3 Okay. So we can agree, sir, 4 that abuse and diversion were getting 5 worse, right? 6 MS. VANNI: Object to form. 7 THE WITNESS: I understand 8 that there is an opioid abuse 9 epidemic in this country and that 10 it has gotten worse over some time 11 period. 12 BY MR. BUCHANAN: 13 Q. We can agree that deaths in 14 terms of the frequency of people dying 15 has gotten worse, right? 16 MS. VANNI: Object to form. 17 THE WITNESS: I understand 18 that death is an outcome, 19 potential outcome of opioid abuse. 20 BY MR. BUCHANAN: 21 Q. And it's gotten worse? 22 MS. VANNI: Objection. 23 BY MR. BUCHANAN: 24 Q. Do we have to fuss that?</p>	<p style="text-align: right;">Page 80</p> <p>1 responsibility for DEA compliance in 2 2016; is that right? 3 A. I did. 4 Q. And would that be for all of 5 the Endo entities, Par, Qualitest, and 6 Endo? 7 A. That would have been for 8 Qualitest. 9 Q. Okay. So Qualitest Par at 10 that -- 11 A. And Par at some point during 12 that time point. 13 Q. Whenever the transition -- 14 A. Whenever the transaction was 15 finalized. 16 Q. When did you assume 17 responsibility for Endo's DEA compliance, 18 Endo -- this gets a little confusing 19 today. So let's just take a step back 20 and make sure we have terminology clear. 21 Endo is the parent company; 22 is that right? 23 A. Endo International is the 24 parent company.</p>
<p style="text-align: right;">Page 79</p> <p>1 I'm not asking for a 2 specific number, sir. 3 But do you have a general 4 understanding that in 2019, we are in a 5 far worse place in terms of opioid abuse, 6 diversion and death than we were in 1999? 7 MS. VANNI: Objection to 8 form and beyond the scope. 9 THE WITNESS: I've already 10 stated that I understand that 11 there's an opioid epidemic abuse 12 in this country and that it's 13 gotten worse over some period of 14 time. 15 BY MR. BUCHANAN: 16 Q. Okay. And so I guess as far 17 out as this goes, is 2016. And this 18 would be around the time, you assumed -- 19 was this the year that you assumed 20 responsibility for, I guess, DEA 21 compliance that Endo reported into you? 22 A. I assumed responsibility for 23 DEA compliance in early 2015. 24 Q. Okay. So you had</p>	<p style="text-align: right;">Page 81</p> <p>1 Q. Okay. There's an operating 2 company known as Endo, right? 3 A. Right. 4 Q. That line of business 5 includes the company's branded portfolio; 6 is that accurate? 7 A. That would be accurate. 8 Q. Okay. There's an operating 9 company known as Par today? 10 A. Correct. 11 Q. Just owned by the Irish Endo 12 entity, correct? 13 A. Correct. 14 Q. Par today owns what used to 15 be Endo's generic business, as well as 16 what used to be called Qualitest's 17 business, correct? 18 MS. VANNI: Object to form. 19 He's also not a corporate designee 20 on corporate structure, corporate 21 history. 22 BY MR. BUCHANAN: 23 Q. And I'm really not trying to 24 do that, you know, for a legal purpose.</p>

<p style="text-align: right;">Page 82</p> <p>1 I just want to make sure we're clear in 2 communicating today, because it could get 3 confusing. 4 A. What I can tell you is Par 5 had a generics business. Endo had a 6 generics business that it operated as 7 Qualitest. Par and Qualitest were merged 8 into a single generics business that now 9 operates under the Par name. 10 Q. Okay. So the current -- the 11 current generics business is all under 12 the Par name. Is it in the Par entity? 13 MS. VANNI: Object to form. 14 THE WITNESS: I'm not an 15 expert on our legal entity 16 structure. Our generics business 17 operates under the Par name. 18 BY MR. BUCHANAN: 19 Q. Okay. 20 A. That's what I can tell you. 21 Q. We have named Par and we 22 have named Endo. 23 A. Right. 24 Q. I want to know when I talk</p>	<p style="text-align: right;">Page 84</p> <p>1 compliance responsibility. And I guess 2 I'd say it reported into you. You were 3 not the boots on the ground, so to speak, 4 on DEA compliance, right? 5 MS. VANNI: Object to form. 6 THE WITNESS: Correct. 7 BY MR. BUCHANAN: 8 Q. Okay. But this is a 9 snapshot, at least of where we are, in 10 terms of the epidemic that you understand 11 we are currently in as of 2016. It's 12 722.18. 13 MS. VANNI: Object to form. 14 BY MR. BUCHANAN: 15 Q. The number is in the top 16 right corner. Fair to say, sir, in this 17 chart, we're in a pretty different place 18 than we were in 1999? 19 MS. VANNI: Object to form. 20 THE WITNESS: I see 21 different colors than I saw in the 22 earlier charts. 23 BY MR. BUCHANAN: 24 Q. Okay. And those different</p>
<p style="text-align: right;">Page 83</p> <p>1 about Par as the legal entity that we've 2 sued, that I'm talking about Par and all 3 of -- any of the Endo affiliates' 4 generics businesses. Would that be 5 accurate? 6 MS. VANNI: Object to form. 7 BY MR. BUCHANAN: 8 Q. To the best of your 9 knowledge? 10 A. To the best of my knowledge, 11 that's accurate. 12 Q. Okay. The way you 13 understand the company is currently 14 operating and configured, the branded 15 business exists within the Endo 16 affiliate, subsidiary, and the generic 17 business operates under the Par 18 affiliate; is that accurate? 19 A. That's accurate. 20 Q. Thank you. 21 Okay. So where we are in 22 2016 here, back to our chart, sir, you 23 have assumed responsibility as of 24 2015/2016 for the Par and Qualitest DEA</p>	<p style="text-align: right;">Page 85</p> <p>1 colors, indicating that -- well, per 2 100,000 people, a lot of people are 3 dying? 4 MS. VANNI: Object. 5 BY MR. BUCHANAN: 6 Q. Right? 7 MS. VANNI: Object to form. 8 THE WITNESS: I see the 9 colors changing. I don't know the 10 origin of these charts. 11 BY MR. BUCHANAN: 12 Q. As a person who had at least 13 the ability to dictate and direct and 14 fund DEA compliance within Qualitest and 15 Par, you were not aware, really, of the 16 details of the scope of the epidemic as 17 of 2016? 18 MS. VANNI: Object to form. 19 THE WITNESS: I stated 20 earlier that I understand that 21 this is an opioid abuse epidemic 22 in this country. I understand 23 that that has gotten worse over 24 some time period.</p>

<p style="text-align: right;">Page 86</p> <p>1 And certainly that knowledge 2 and information would be taken 3 into consideration as we enhance 4 and develop our programs to 5 prevent diversion and abuse. 6 BY MR. BUCHANAN: 7 Q. Okay. But it's really not 8 news that opioids are addictive, right? 9 MS. VANNI: Object to form. 10 BY MR. BUCHANAN: 11 Q. Is that news to you? 12 A. I understand that opioids 13 can be addictive. 14 Q. And you knew that, sir, 15 before you went and worked for an opioid 16 manufacturer, didn't you? 17 MS. VANNI: Object to form. 18 THE WITNESS: I understand 19 that opioids can be addictive. 20 BY MR. BUCHANAN: 21 Q. Right. Because, I mean, 22 these drugs, whether derived directly 23 from poppies or the milk from poppies 24 that's dried out, or synthetically</p>	<p style="text-align: right;">Page 88</p> <p>1 BY MR. BUCHANAN: 2 Q. And that's why, because 3 they're addictive, because they're prone 4 to abuse and have been forever, and you 5 keep this stuff in cages and vaults in 6 your warehouses, right? 7 MS. VANNI: Object to form. 8 THE WITNESS: We keep the 9 product in controlled areas based 10 on what the regulations state that 11 we need to do. There are 12 regulations to control these 13 products because, if not 14 controlled properly, they can be 15 diverted and abused. 16 BY MR. BUCHANAN: 17 Q. To answer my question, sir, 18 your oxycodone products, for example, 19 controlled substance, right? That's a 20 yes answer? 21 A. Yes. 22 Q. I knew it, but it won't show 23 up on the transcript if you don't speak. 24 A. Understood.</p>
<p style="text-align: right;">Page 87</p> <p>1 derived, they go back a long period of 2 time, right? 3 MS. VANNI: Object to form. 4 And beyond the scope of his 5 30(b)(6). 6 BY MR. BUCHANAN: 7 Q. Do you have that knowledge, 8 sir? 9 A. I don't understand the 10 complete history of opioids. But I do 11 understand that they've been around for a 12 number of years. 13 Q. Right. And we know poppies, 14 and you probably learned this in college, 15 were used by Egyptians thousands of years 16 ago and were known for their addictive 17 and abuse properties. 18 Did you know that? 19 MS. VANNI: Object to form. 20 THE WITNESS: I understand 21 that opioids can be addictive. 22 Opioids also serve a real purpose 23 to patients with chronic pain who 24 need these products.</p>	<p style="text-align: right;">Page 89</p> <p>1 Q. Okay. Schedule II? 2 A. Schedule II. 3 Q. Got to store it in a safe? 4 A. It has to be stored in a 5 vault or a safe per regulations. 6 Q. In a vault or a safe. 7 Why do you think that is, 8 sir? 9 MS. VANNI: Object to form. 10 Beyond the scope. 11 THE WITNESS: The 12 regulations require us to store 13 these products in vaults and safes 14 because they have the potential to 15 be diverted or abused. 16 BY MR. BUCHANAN: 17 Q. Right. 18 In the warehouse you've got 19 to store this stuff in a safe, correct? 20 MS. VANNI: Objection. 21 Asked and answered. 22 THE WITNESS: The product is 23 stored in a vault with a number of 24 controls around how it's handled,</p>

<p style="text-align: right;">Page 90</p> <p>1 how it's moved through the 2 facility, and how it's ultimately 3 manufactured and distributed. 4 BY MR. BUCHANAN: 5 Q. Right. When you move the 6 product through the facility, you got to 7 have two people moving it from Point A to 8 Point B, right? 9 A. We have a number of controls 10 in place to ensure that the product isn't 11 diverted as it moves through the 12 facility. 13 Q. Do you agree with me what I 14 just said, sir, that's one of them 15 though? You've got to have two people 16 watching it? 17 A. One of -- one of the 18 controls we have is to ensure that we 19 have multiple people managing the product 20 as it moves through the facility. 21 Q. Because this stuff is highly 22 prone to being diverted, correct? 23 MS. VANNI: Objection. 24 Asked and answered.</p>	<p style="text-align: right;">Page 92</p> <p>1 because of the abuse potential for these 2 drugs, in the warehouse, or in the 3 manufacturing plant, fair? 4 MS. VANNI: Object to form. 5 THE WITNESS: We treat these 6 products very uniquely versus 7 products that are noncontrolled. 8 And we have a whole set of 9 controls that apply to the 10 handling of Schedule II products 11 as they move through the facility, 12 so that we can prevent the abuse 13 and diversion of these products 14 and ensure that they get to the 15 patients who need them. 16 BY MR. BUCHANAN: 17 Q. You'd agree with me, sir, 18 that the concern that's exercised with 19 keeping it in a vault or in a safe or 20 making sure that your own employees are 21 not trying to slip it into the gloves or 22 take it out the door, it shouldn't stop 23 at the point in time when you receive an 24 order for the product, right?</p>
<p style="text-align: right;">Page 91</p> <p>1 THE WITNESS: These 2 products, Schedule II products, 3 can be diverted, have a high 4 propensity to be diverted. 5 Therefore, there are controls in 6 place required by the regulations 7 for manufacturers and distributors 8 to abide by. 9 BY MR. BUCHANAN: 10 Q. So whenever -- 11 A. Those are the controls that 12 we implement. Those are the controls 13 that we follow. 14 Q. So -- in the warehouse, keep 15 it in a vault. Moving it to the 16 manufacturing line, the raw material to 17 make the pills, got to have two people 18 watching it. 19 On the line you've got to 20 have people watching each other on the 21 line so they don't slip it in their 22 gloves, put it in their pockets, or 23 otherwise try and I guess take, damaged 24 pills, finished pills, all concerns</p>	<p style="text-align: right;">Page 93</p> <p>1 MS. VANNI: Object to form. 2 THE WITNESS: There -- there 3 are other regulations, controls, 4 that we follow that would more be 5 under the category of suspicious 6 order monitoring when it comes to 7 DEA compliance, to ensure that 8 orders are properly reviewed, 9 investigated before they are 10 distributed. 11 BY MR. BUCHANAN: 12 Q. Okay. And that's what I 13 wanted to understand. 14 So the concern that you have 15 and the care you have to take with 16 handling this product in the warehouse or 17 handling this product in manufacturing 18 with your own employees, people who you 19 trust and hire, has to be exercised in 20 investigating, in reviewing, every single 21 order you receive, because that concern 22 doesn't stop in the warehouse, right? 23 MS. VANNI: Object to form. 24 THE WITNESS: The control --</p>

<p style="text-align: right;">Page 94</p> <p>1 the proper control of these</p> <p>2 products extends throughout the</p> <p>3 supply chain.</p> <p>4 BY MR. BUCHANAN:</p> <p>5 Q. Right. So when the company</p> <p>6 receives an order for one of its</p> <p>7 controlled products, it has an obligation</p> <p>8 to maintain effective controls against</p> <p>9 diversion with regard to the orders it</p> <p>10 receives, right?</p> <p>11 MS. VANNI: Object to form.</p> <p>12 THE WITNESS: We have a</p> <p>13 responsibility under the</p> <p>14 regulations to make sure that we</p> <p>15 are reviewing orders, that we are</p> <p>16 understanding any orders of</p> <p>17 interest, we are investigating</p> <p>18 those. And if it comes to it, and</p> <p>19 if we determine that the order is</p> <p>20 suspicious, then not to ship that</p> <p>21 order.</p> <p>22 BY MR. BUCHANAN:</p> <p>23 Q. Okay. So we were looking at</p> <p>24 the Endo orders just a moment ago, just</p>	<p style="text-align: right;">Page 96</p> <p>1 of pills again, 400 million plus. I</p> <p>2 guess that's also syrups, so dosage units</p> <p>3 of syrups.</p> <p>4 400-plus million pills and</p> <p>5 dosage units all pursuant to orders. And</p> <p>6 how many suspicious orders did -- did</p> <p>7 Endo report to the DEA for 2000?</p> <p>8 MS. VANNI: Object to form.</p> <p>9 THE WITNESS: I don't</p> <p>10 believe we reported any suspicious</p> <p>11 orders in 2000 as an outcome of</p> <p>12 our investigations into anything</p> <p>13 that was of interest.</p> <p>14 BY MR. BUCHANAN:</p> <p>15 Q. Okay. How about 2001, it</p> <p>16 looks like -- well, sales are growing.</p> <p>17 We talked about that a moment ago.</p> <p>18 500-plus million pills and dosage units</p> <p>19 for Endo in 2001.</p> <p>20 How many suspicious orders</p> <p>21 got reported to the DEA that year?</p> <p>22 MS. VANNI: Object to the</p> <p>23 colloquy. You can answer.</p> <p>24 THE WITNESS: I don't</p>
<p style="text-align: right;">Page 95</p> <p>1 to give us some context. I believe it's</p> <p>2 Exhibit 4.</p> <p>3 Let's look at 1999. You</p> <p>4 know, shipped -- shipped hundreds of</p> <p>5 millions of opioid products in 1999.</p> <p>6 Every one of those was by an order.</p> <p>7 And how many suspicious</p> <p>8 orders did the company report to the DEA</p> <p>9 in 1999 for Endo products, sir?</p> <p>10 MS. VANNI: Object to form.</p> <p>11 The colloquy.</p> <p>12 THE WITNESS: I don't</p> <p>13 believe we reported any suspicious</p> <p>14 orders as an outcome of our</p> <p>15 investigations.</p> <p>16 BY MR. BUCHANAN:</p> <p>17 Q. Okay. So in 1999 the</p> <p>18 company reported no suspicious orders to</p> <p>19 the DEA for Endo's orders?</p> <p>20 A. I don't believe we reported</p> <p>21 any suspicious orders to the DEA in 1999</p> <p>22 as a result of our investigations.</p> <p>23 Q. Okay. How about in 2000,</p> <p>24 we've got, you know, hundreds of millions</p>	<p style="text-align: right;">Page 97</p> <p>1 believe we reported any suspicious</p> <p>2 orders to DEA after the outcome of</p> <p>3 our invest -- as an outcome of our</p> <p>4 investigations into anything that</p> <p>5 was of interest.</p> <p>6 BY MR. BUCHANAN:</p> <p>7 Q. Oh. Okay. So thousands and</p> <p>8 thousands and thousands of orders, right?</p> <p>9 A. We had orders. I can't tell</p> <p>10 you specifically how many orders we had.</p> <p>11 But we had orders that represented these</p> <p>12 quantities.</p> <p>13 Q. Okay. That -- that on an</p> <p>14 annual basis would give every American an</p> <p>15 opioid, right?</p> <p>16 MS. VANNI: Object to form.</p> <p>17 THE WITNESS: We got</p> <p>18 order -- we received orders for</p> <p>19 opioids from our customers who in</p> <p>20 turn sold them to patients who</p> <p>21 needed them.</p> <p>22 BY MR. BUCHANAN:</p> <p>23 Q. And not one suspicious order</p> <p>24 was reported to the DEA in 2001?</p>

<p style="text-align: right;">Page 98</p> <p>1 A. We did not report any 2 suspicious orders to DEA after 3 investigating internally any orders that 4 we deemed as of interest. 5 Q. Okay. How about 2002? 6 Sales still on the move. Growing along, 7 I guess we can pull out our -- our death 8 map that we looked at a moment ago. We'd 9 see the deep blue going to lighter blue, 10 going to tan and yellow, and more people 11 dying. 12 How many suspicious orders 13 did you report to the DEA in 2002? 14 MS. VANNI: Objection. 15 THE WITNESS: I don't 16 believe we reported any orders, 17 suspicious orders to DEA as an 18 outcome of our internal 19 investigations into any orders of 20 interest. 21 BY MR. BUCHANAN: 22 Q. Okay. 2003, sales still on 23 the move, right? We are back on 24 Exhibit 4.</p>	<p style="text-align: right;">Page 100</p> <p>1 that is -- a drug, I'm sorry, 15 or more 2 drugs that Endo is making, highly prone 3 to abuse and diversion over which, for as 4 long as you've been selling them, you've 5 got to keep them in vaults and cages and 6 under camera and under a watchful eye for 7 which you receive thousands of orders, 8 and which you've shipped as of this point 9 in time a few billion pills, right? 10 MS. VANNI: Object to form. 11 BY MR. BUCHANAN: 12 Q. Or dosage units? 13 MS. VANNI: Same objection. 14 BY MR. BUCHANAN: 15 Q. Would that be right? 16 A. That would be correct. 17 Q. Okay. Hadn't identified a 18 single suspicious order in that five-year 19 period of time? 20 A. As I stated, any orders that 21 were deemed of interest based on our 22 internal reviews under our suspicious 23 order monitoring system would have been 24 reviewed and investigated. If we</p>
<p style="text-align: right;">Page 99</p> <p>1 800 million pills, opioids, 2 dosage units in 2003. All pursuant to 3 orders the company received, right? 4 MS. VANNI: Object to form. 5 THE WITNESS: Yes. We would 6 receive orders to represent those 7 quantities shipped. 8 BY MR. BUCHANAN: 9 Q. Okay. And how many of those 10 did the company identify as suspicious? 11 A. I don't believe we reported 12 any suspicious orders to the DEA as an 13 outcome of our internal investigations 14 into any orders of interest. 15 Q. Okay. So you didn't report 16 any over this period of time as we just 17 looked at a five-year window. 18 How many did you not ship? 19 A. I don't believe we 20 ultimately -- we ultimately shipped all 21 of these orders as an outcome of our 22 internal investigations into any orders 23 of interest. 24 Q. Okay. So you've got a drug</p>	<p style="text-align: right;">Page 101</p> <p>1 determined the order to not be 2 suspicious, we would have shipped it. 3 MS. VANNI: David, we've 4 been going about an hour, whenever 5 we can take a break. 6 MR. BUCHANAN: Yeah. Let me 7 finish this. Can I finish this 8 thread? 9 BY MR. BUCHANAN: 10 Q. Are you okay? It will be 11 under five minutes. 12 MS. VANNI: We can finish 13 this thread. 14 THE WITNESS: Okay. 15 BY MR. BUCHANAN: 16 Q. So, sir, we can go forward 17 in time here, and I guess we can do it 18 year by year and maybe my tech can blow 19 out the bottom, but so we don't belabor 20 this too much. Hundreds of millions of 21 pills and dosage units year after year 22 shipped by Endo for its opioid products, 23 fair? 24 MS. VANNI: Object to form.</p>

<p style="text-align: right;">Page 102</p> <p>1 THE WITNESS: Are you asking 2 me to verify the number here? 3 BY MR. BUCHANAN: 4 Q. That's what I'm saying. If 5 you look forward in time, sir, for the 6 remaining 2004 to the end? 7 A. Right. 8 Q. Okay. And we go, you know, 9 eight-plus billion pills and dosage units 10 for the Endo entity? 11 A. Over an 18-year period, yes, 12 that's what it says here. 13 Q. Yeah, and in fact we'll talk 14 about it a little later that, for some of 15 the later years, some of these products 16 got moved into the Qualitest and Par 17 affiliates, right? 18 A. They did. 19 Q. Okay. Like Endocet and 20 Percocet. And there are some big numbers 21 on here for those products. In the 22 earlier period of time they got pushed 23 into the ledger for Qualitest, at a later 24 point in time, right?</p>	<p style="text-align: right;">Page 104</p> <p>1 A. Over the course of about 2 18 years. 3 Q. With thousands and thousands 4 and thousands of orders, right? 5 MS. VANNI: Object to form. 6 THE WITNESS: I don't know 7 exactly how many orders. There 8 were orders that reflect these 9 quantities. 10 BY MR. BUCHANAN: 11 Q. Please tell the jury how 12 many of those orders the company didn't 13 ship. 14 MS. VANNI: Object to form. 15 THE WITNESS: We shipped all 16 of those orders after thorough 17 review within our SOM system, and 18 any investigations into orders of 19 interest to make a determination 20 if the order was suspicious or 21 not. 22 BY MR. BUCHANAN: 23 Q. Every single order Endo 24 received, it shipped; is that correct,</p>
<p style="text-align: right;">Page 103</p> <p>1 MS. VANNI: Object to form. 2 THE WITNESS: Some of these 3 generics were moved into the 4 generic operating unit. 5 BY MR. BUCHANAN: 6 Q. Okay. Still made by, if you 7 will, the Endo family of companies, but 8 just for the corporate organization, the 9 branded ultimately got shipped -- excuse 10 me -- organized into the Endo subsidiary, 11 and the generic ultimately got organized 12 into the Par/Qualitest subsidiary, right? 13 MS. VANNI: Object to form 14 beyond the scope of 30(b)(6). 15 THE WITNESS: Some of these 16 products were sold by different 17 entities over the time period. 18 BY MR. BUCHANAN: 19 Q. Okay. So where we land 20 though, with regard to Endo the entity, 21 that's reflected, the sales data that's 22 been provided to us, is some eight 23 billion dosage units and pills over the 24 course of many years, fair?</p>	<p style="text-align: right;">Page 105</p> <p>1 sir? 2 MS. VANNI: Object to form. 3 THE WITNESS: We shipped 4 these orders after thorough review 5 under our suspicious order 6 monitoring system, under our 7 distributor's suspicious order 8 monitoring system, and the orders 9 were deemed to not be suspicious 10 and they were shipped. 11 MR. BUCHANAN: Move to 12 strike the nonresponsive portion. 13 BY MR. BUCHANAN: 14 Q. My question, sir, is, every 15 single order that Endo received for its 16 opioid products, it shipped, correct? 17 MS. VANNI: Object to form. 18 THE WITNESS: The orders 19 you're referencing -- 20 BY MR. BUCHANAN: 21 Q. Yes or no? 22 A. The orders you're 23 referencing shipped after thorough review 24 and investigation into any orders of</p>

<p style="text-align: right;">Page 106</p> <p>1 issues through our suspicious order 2 monitoring system. That's my answer. 3 Q. Not a single one was ever 4 reported to DEA? 5 A. If an order had been 6 determined to be suspicious, it would 7 have been reported to DEA. 8 Q. As a numbers matter, sir, 9 just stay with my question. 10 Did the company ever report 11 any order that Endo received for any of 12 its opioid products over the period of 13 time, 1999 to present to the DEA as a 14 suspicious order? 15 MS. VANNI: Object to form. 16 THE WITNESS: If an order 17 was deemed suspicious -- 18 BY MR. BUCHANAN: 19 Q. Did the company ever do it? 20 A. If the order was -- if an 21 order was deemed suspicious, it would 22 have been reported to the DEA. 23 Q. It doesn't answer my 24 question. I just want the fact. Not an</p>	<p style="text-align: right;">Page 108</p> <p>1 answered your question. 2 BY MR. BUCHANAN: 3 Q. You haven't. You haven't. 4 You're answering something that you'd 5 like me to ask you. But I'm not asking 6 you that. 7 MS. VANNI: Objection to the 8 colloquy. 9 BY MR. BUCHANAN: 10 Q. My question to you is, did 11 Endo ever report any order to the DEA as 12 a suspicious order for any Endo product 13 from 1999 to present? 14 A. And my answer, is that we 15 determined through our SOMs system that 16 the orders you're referring to were not 17 suspicious and, therefore, we did not 18 report any suspicious orders to the DEA 19 during that time period. 20 Q. So the answer to my 21 question, sir, is you did not report any 22 orders to the DEA during that time 23 period, correct? 24 MS. VANNI: Objection.</p>
<p style="text-align: right;">Page 107</p> <p>1 if. Did the company ever report any 2 order that Endo received for any of its 3 opioid products from 1999 to 2019 to the 4 DEA as suspicious? 5 MS. VANNI: Object to form. 6 BY MR. BUCHANAN: 7 Q. Did it ever do that? 8 A. We -- 9 Q. You've got to answer it yes 10 or no, sir. 11 A. We did not have any orders 12 that we deemed suspicious during that 13 time period. 14 Q. So the answer to my 15 question -- 16 A. So the orders were 17 subsequently shipped. 18 Q. My question was, did you 19 ever report any order that Endo received 20 for any controlled substance over the 21 last 20 years to the DEA ever? 22 MS. VANNI: Objection. 23 Asked and answered. 24 THE WITNESS: I think I</p>	<p style="text-align: right;">Page 109</p> <p>1 Asked and answered. Misstates his 2 testimony. You just don't like 3 his answer. 4 THE WITNESS: That's what I 5 just stated. 6 MR. BUCHANAN: Thank you. 7 We can take a break. 8 THE VIDEOGRAPHER: Off the 9 record at 10:14 a.m. 10 (Short break.) 11 THE VIDEOGRAPHER: We are 12 back on the record at 10:30 a.m. 13 BY MR. BUCHANAN: 14 Q. Mr. Macrides, we kind of got 15 into it pretty early. I just wanted to 16 circle back with your 30(b)(6) notice. 17 You obviously did some work 18 to prepare for today, fair? 19 A. Fair. 20 Q. Okay. Who did you talk to 21 other than counsel? 22 A. I spoke with Lisa Walker who 23 currently works within Endo. 24 Q. Okay.</p>

<p style="text-align: right;">Page 110</p> <p>1 A. I spoke with Angela Feniger 2 who has some history with DEA compliance 3 on the Par side of the business. 4 Q. Could you clarify on the Par 5 side? Just because of the merger I get 6 confused. 7 A. So -- so she would -- she 8 was essentially the head of DEA 9 compliance for Par prior to its 10 acquisition by Endo. And then she 11 continued in that capacity for some 12 period of time after the acquisition. 13 Q. Is she still with the 14 company? 15 A. She's still with the 16 company. She actually works in the 17 quality organization now. 18 Q. So she's not in DEA 19 compliance currently? 20 A. Not anymore. 21 Q. What was her title when she 22 was at Par? 23 A. I think it was -- I don't 24 remember exactly. I think she had</p>	<p style="text-align: right;">Page 112</p> <p>1 A. Correct. 2 Q. Gotcha. Anyone else you 3 spoke with? 4 A. I think that's it. Well, I 5 spoke with -- with counsel. 6 Q. Okay. And let -- let's talk 7 about the time you spent with each of 8 these four individuals. Was that time 9 together with counsel or without counsel? 10 A. With counsel. 11 Q. Okay. So how many meetings 12 did you have with counsel? 13 A. I'm going to say five or 14 six. 15 Q. Okay. Beginning when? 16 A. In the January time frame. 17 I think this thing has been delayed a few 18 times. 19 Q. I thought at your request, 20 but -- 21 A. I don't know. I'm just 22 telling you what I know. 23 Q. I would have rather have 24 done it two months ago, sir.</p>
<p style="text-align: right;">Page 111</p> <p>1 quality compliance and DEA compliance in 2 her title. 3 Q. Okay. So she had a -- she 4 wore multiple hats? 5 A. She wore multiple hats. 6 Q. Okay. Anyone else you spoke 7 with? 8 A. I spoke with Mike 9 Meggiolaro, who is our current head of 10 DEA compliance. 11 Q. And how long has he been in 12 that capacity? 13 A. He has been in that capacity 14 since June of 2018. 15 Q. Gotcha. Anyone else? 16 A. He has a person, Mary-Lou 17 Schoonover, who is currently our manager 18 of suspicious order monitoring. 19 Q. So if I was looking on an 20 org chart today, I'd see Mike Meggiolaro 21 as the head of DEA compliance. And I'd 22 see Mary-Lou Schoonover underneath of him 23 as somebody who does SOMs or suspicious 24 order monitoring?</p>	<p style="text-align: right;">Page 113</p> <p>1 All right. So you said four 2 or five times. Roughly how long was each 3 meeting? 4 A. The meetings probably ranged 5 in time frame anywheres from four to six 6 or seven hours. 7 Q. Okay. So apart from your 8 time in these meetings, did you have 9 teleconferences or kind of review 10 sessions where you'd look at stuff on the 11 screen? 12 A. No. 13 Q. Okay. Did you have any 14 teleconferences? 15 A. We had a few 16 teleconferences, very brief. 17 Q. Okay. Most of your prep 18 work with counsel was in meetings, 19 those -- 20 A. In meetings. 21 Q. Okay. Where did you do 22 that, over in Ireland? 23 A. I've been spending -- 24 MS. VANNI: Object to form.</p>

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1 THE WITNESS: I've been
2 spending more time in the U.S. in
3 the first quarter. So we did it
4 over here in the U.S.
5 BY MR. BUCHANAN:
6 Q. Okay. Okay. So you're in
7 Malvern now?
8 A. My job requires me to be in
9 a lot of places.
10 Q. Okay. At least with regard
11 to the first quarter of 2019, have you
12 been more in the Pennsylvania area?
13 MS. VANNI: Object to form.
14 THE WITNESS: I've been in
15 Pennsylvania. I've been in New
16 York. I've been in various
17 places.
18 BY MR. BUCHANAN:
19 Q. Okay. So we've got the --
20 the four to five meetings. That sounds
21 right to you, four to five meetings, or
22 more?
23 A. I said five to six I
24 believe.

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1 Q. Five to six meetings, okay.
2 I apologize.
3 So that still -- as we're
4 talking through this and you're thinking
5 about the people you've met with and over
6 the time period, is that --
7 A. That sounds about right.
8 Q. Okay. And somewhere between
9 a half a day and a full day each of these
10 meetings?
11 A. Yes.
12 MS. VANNI: Object to form.
13 BY MR. BUCHANAN:
14 Q. Okay. Apart from your time
15 with counsel, you know, in the meetings,
16 were you reviewing things that you were
17 provided or that you accessed on your
18 own?
19 A. I would say yes, I reviewed
20 certain documents on my own.
21 Q. Okay. And did those refresh
22 your recollection, sir, or at least
23 assist you in preparing for your
24 testimony today?

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1 MS. VANNI: Object to form.
2 THE WITNESS: I would
3 categorize those documents as
4 helping prepare me for today.
5 BY MR. BUCHANAN:
6 Q. In some respects, you were
7 probably learning things, right?
8 MS. VANNI: Object to form.
9 THE WITNESS: In my 30(b)(6)
10 capacity I think I learned some
11 things. I think that's a fair
12 statement.
13 BY MR. BUCHANAN:
14 Q. Right. And so what did you
15 look at to learn the things you learned?
16 MS. VANNI: Object to form.
17 He's not going to tell you
18 specific documents that he
19 reviewed. That's privileged.
20 MR. BUCHANAN: I don't think
21 it is. It's the foundation for a
22 30(b)(6) testimony.
23 MS. VANNI: Okay. Well, we
24 can agree to disagree. You can

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1 ask him about categories of
2 documents. He's already told you
3 amply how he's prepared for today.
4 We'll represent to you that
5 he has not seen anything that
6 hasn't already been produced in
7 this litigation.
8 BY MR. BUCHANAN:
9 Q. Okay. Did you review
10 testimony, sir?
11 A. I read some depositions.
12 Q. Okay. Did you review the
13 deposition of Mr. Brantley?
14 A. I did.
15 Q. Did you review the
16 deposition of Ms. Walker?
17 A. I did.
18 Q. Did you review the testimony
19 of Ms. Hernandez Norton?
20 A. I did.
21 Q. Any other witnesses that you
22 reviewed?
23 A. No.
24 Q. Did you review the videos of

<p style="text-align: right;">Page 118</p> <p>1 those witnesses' testimony?</p> <p>2 A. I viewed brief video clips</p> <p>3 of Lisa Walker's testimony and of Tracey</p> <p>4 Norton Hernandez's testimony.</p> <p>5 Q. Okay. And did they help</p> <p>6 acquaint you with particular issues?</p> <p>7 A. I would say they clarified</p> <p>8 certain things for me.</p> <p>9 Q. Is their testimony the</p> <p>10 foundation of testimony you're going to</p> <p>11 provide to us today?</p> <p>12 MS. VANNI: Object to form.</p> <p>13 THE WITNESS: I would say</p> <p>14 no.</p> <p>15 BY MR. BUCHANAN:</p> <p>16 Q. Did you review the exhibits</p> <p>17 to their depositions, any of them?</p> <p>18 MS. VANNI: Object to form.</p> <p>19 THE WITNESS: I may have</p> <p>20 viewed some of them. Mostly I</p> <p>21 read the text.</p> <p>22 BY MR. BUCHANAN:</p> <p>23 Q. Okay. Did you talk to</p> <p>24 anyone else within Endo, Qualitest, Par,</p>	<p style="text-align: right;">Page 120</p> <p>1 BY MR. BUCHANAN:</p> <p>2 Q. I'm passing you, sir, what</p> <p>3 we're marking as Exhibit 8 to your</p> <p>4 deposition.</p> <p>5 MS. VANNI: Thank you.</p> <p>6 BY MR. BUCHANAN:</p> <p>7 Q. Sir, you'll recall before</p> <p>8 the break we were talking about your</p> <p>9 awareness or not of Endo's products being</p> <p>10 diverted. Do you recall that?</p> <p>11 A. I recall that.</p> <p>12 Q. Okay. Showing you what is</p> <p>13 an e-mail from Mr. Barto to Ms. Connell</p> <p>14 from 2003, subject revised DEA meeting</p> <p>15 minutes. Do you see that?</p> <p>16 A. I see it.</p> <p>17 Q. Okay. Who's Mr. Barto?</p> <p>18 A. I believe he was a former</p> <p>19 employee of Endo.</p> <p>20 Q. You recognize him as being</p> <p>21 in regulatory affairs for Endo?</p> <p>22 A. It says here that he worked</p> <p>23 in regulatory affairs.</p> <p>24 Q. Okay. Ms. Connell, you</p>
<p style="text-align: right;">Page 119</p> <p>1 current employees or former employees as</p> <p>2 part of your preparation?</p> <p>3 A. I did not.</p> <p>4 Q. Okay. Nobody else in the</p> <p>5 management team, executive team, of the</p> <p>6 companies?</p> <p>7 A. No.</p> <p>8 Q. No third parties?</p> <p>9 A. No.</p> <p>10 Q. Okay. I wanted to circle</p> <p>11 back to something that we talked about</p> <p>12 before in terms of your awareness or not</p> <p>13 of Endo's products being diverted.</p> <p>14 MR. BUCHANAN: Could we pull</p> <p>15 up 550 and provide a copy to</p> <p>16 counsel.</p> <p>17 MS. VANNI: Note my</p> <p>18 objection to the colloquy.</p> <p>19 MR. BUCHANAN: I'm sorry,</p> <p>20 what did I say? It seems pretty</p> <p>21 innocuous to me, but...</p> <p>22 (Document marked for</p> <p>23 identification as Exhibit</p> <p>24 Endo-Macrides-8.)</p>	<p style="text-align: right;">Page 121</p> <p>1 recognize her as being on the supply</p> <p>2 chain side?</p> <p>3 A. I do.</p> <p>4 Q. Okay. In connection with</p> <p>5 your preparation, sir, were you aware</p> <p>6 that the company sat down with the DEA in</p> <p>7 2003 to discuss abuse and diversion</p> <p>8 measures with regard to Endo's products?</p> <p>9 MS. VANNI: Object to form.</p> <p>10 THE WITNESS: In 2003?</p> <p>11 BY MR. BUCHANAN:</p> <p>12 Q. Mm-hmm.</p> <p>13 A. I was aware that Endo had</p> <p>14 discussions with DEA during the time</p> <p>15 period that we are talking about.</p> <p>16 Q. Okay. I'll pass you, sir,</p> <p>17 Exhibit 9 to your deposition.</p> <p>18 (Document marked for</p> <p>19 identification as Exhibit</p> <p>20 Endo-Macrides-9.)</p> <p>21 BY MR. BUCHANAN:</p> <p>22 Q. Is that a yes answer, that</p> <p>23 you're aware that the company had</p> <p>24 discussed abuse and diversion of Endo's</p>

<p style="text-align: right;">Page 122</p> <p>1 product with the DEA and FDA as far back 2 as 2003? 3 A. I'm aware of that, yes. 4 Q. Okay. And we looked at the 5 sales chart that covered that period that 6 you'll recall that went all the way back 7 to 1999 that the company was making 8 controlled substances, correct? 9 A. Correct. 10 Q. Okay. So one of the 11 company's products was Percocet, right? 12 A. Percocet. Yes. 13 MR. BUCHANAN: Can we pull 14 up that sales chart real quick and 15 then take a look at it to see what 16 the company was doing with 17 Percocet in the early 2000s. It's 18 E -- excuse me for the video 19 record, it's E-1811. It's 20 Exhibit 4 to the deposition. Pull 21 up the product list. 22 BY MR. BUCHANAN: 23 Q. I understand, sir, you 24 weren't at the company, but many of these</p>	<p style="text-align: right;">Page 124</p> <p>1 another formulation of Percocet? 2 MS. VANNI: Object to form. 3 THE WITNESS: 4 Oxycodone/APAP, I do. It's a 5 generic version. 6 BY MR. BUCHANAN: 7 Q. Generic version. The active 8 pharmaceutical ingredient in Percocet and 9 Endocet is oxycodone, correct? 10 A. That's correct. 11 Q. One of them. 12 A. That's correct. 13 Q. And APAP is acetaminophen; 14 is that right? 15 A. APAP is acetaminophen. 16 Q. So it's essentially 17 oxycodone combined with Tylenol, right? 18 MS. VANNI: Object to form. 19 THE WITNESS: Oxycodone and 20 APAP. 21 BY MR. BUCHANAN: 22 Q. APAP is Tylenol? 23 A. Acetaminophen. 24 Q. And acetaminophen is</p>
<p style="text-align: right;">Page 123</p> <p>1 brands are brands that you're familiar 2 with, right? 3 A. I'm familiar with these 4 brands. 5 Q. Endocet is just Percocet in 6 a different name, right? 7 MS. VANNI: Object to form. 8 THE WITNESS: Endocet is a 9 generic version of Percocet. 10 BY MR. BUCHANAN: 11 Q. Right. Percocet is an 12 oxycodone product, right? 13 A. Correct. 14 Q. Oxycodone is the active 15 pharmaceutical ingredient in OxyContin, 16 correct? 17 MS. VANNI: Object to form. 18 THE WITNESS: As I 19 understand it, yes. 20 BY MR. BUCHANAN: 21 Q. Okay. So we've got 22 Percocet, which has oxycodone in it. 23 We've got oxycodone ER, oxycodone/APAP. 24 Do you recognize oxycodone/APAP, sir, as</p>	<p style="text-align: right;">Page 125</p> <p>1 Tylenol? 2 A. The brand name is Tylenol. 3 Q. Fair enough. Thanks. Just 4 want to make sure we're communicating. 5 The brand name of 6 OxyContin -- excuse me. The brand name 7 of oxycodone or one formulation of 8 oxycodone is OxyContin, right? 9 MS. VANNI: Objection. 10 THE WITNESS: As I 11 understand it, yes. 12 BY MR. BUCHANAN: 13 Q. And the brand name of APAP 14 or acetaminophen is Tylenol, right? 15 A. Right. 16 Q. So Percocet is a combination 17 of oxycodone and acetaminophen, or 18 Tylenol, right? 19 MS. VANNI: Object to form. 20 THE WITNESS: As I 21 understand it. 22 BY MR. BUCHANAN: 23 Q. So when we look here on this 24 chart, we see Percocet, Endocet,</p>

<p style="text-align: right;">Page 126</p> <p>1 oxycodone/APAP. All three of those are 2 essentially the same pharmaceutical 3 combination, they just get marketed in 4 different ways, right? 5 MS. VANNI: Objection. 6 Beyond the scope. 7 THE WITNESS: Some are 8 branded and some are generic. 9 BY MR. BUCHANAN: 10 Q. Fair. I mean, I wasn't 11 trying to be tricky with that. I just 12 wanted to -- the company, for whatever 13 its business reasons over time, has used 14 different trade names or branded names 15 for the same pharmaceutical combination, 16 true? 17 MS. VANNI: Object to form. 18 THE WITNESS: The branded 19 name is Percocet. And then there 20 are generics that go by different 21 names. 22 BY MR. BUCHANAN: 23 Q. Okay. All right, good. So 24 Percocet in abuse and diversion was a big</p>	<p style="text-align: right;">Page 128</p> <p>1 company in the early -- late '90s, early 2 2000s, right? 3 MS. VANNI: Object to form. 4 THE WITNESS: Can you 5 clarify what you mean by "big 6 mover"? 7 BY MR. BUCHANAN: 8 Q. I guess, for simplicity, 9 two-thirds of your sales? 10 A. We were shipping Percocet 11 and Endocet based on orders from our 12 customers based on patient demand. 13 Q. I understand that, sir. But 14 looking at the chart so we have some 15 rough sense of what the business 16 represented, about two-thirds of sales, 17 at least in terms of pills, was Percocet 18 or Percocet-like formulations, correct, 19 sir? 20 MS. VANNI: Object to form. 21 THE WITNESS: Yes, based 22 on -- if we're looking at 1999, a 23 majority of the tablets shipped 24 were Percocet or Endocet.</p>
<p style="text-align: right;">Page 127</p> <p>1 deal into the early 2000s; isn't that 2 right? 3 MS. VANNI: Objection. 4 THE WITNESS: I don't have 5 specific knowledge on Percocet 6 abuse because -- 7 BY MR. BUCHANAN: 8 Q. Sorry. 9 A. Well, as I stated earlier, 10 if our products aren't properly 11 controlled, if they get out of the closed 12 system, then they have -- they can be 13 abused and diverted. 14 Q. Okay. 15 MR. BUCHANAN: Can we pull 16 up the chart for the first -- 17 let's just say through 2003, 18 please. 19 There you go. 20 BY MR. BUCHANAN: 21 Q. All right. So we can see 22 that in fact Percocet, Endocet, and 23 oxycodone/APAP -- let's get the Percocet 24 up there. Those are big movers for the</p>	<p style="text-align: right;">Page 129</p> <p>1 BY MR. BUCHANAN: 2 Q. Right. And roughly, what is 3 that, 260 million pills, Percocets, 4 versus a total of 360 or so? 5 A. Right. 6 Q. Okay. And excuse my 7 rounding. I'm just trying to make it 8 faster and simpler for both of us. 9 All right. We go forward in 10 2000. And you're, you know, again, at 11 roughly 340 million of 450 million pills 12 are the Percocet and Endocet drugs, 13 right? 14 MS. VANNI: Object to form. 15 THE WITNESS: That's what it 16 says. 17 BY MR. BUCHANAN: 18 Q. Percocet was Endo's brand? 19 A. Percocet was a branded 20 product or is a branded product. 21 Q. But the brand Percocet, was 22 that Endo's brand name? 23 A. It was. 24 Q. They owned it?</p>

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1 MS. VANNI: Object to form.
2 THE WITNESS: Correct.
3 BY MR. BUCHANAN:
4 Q. So when the jury or consumer
5 hears Percocet, they should think of
6 Endo?
7 MS. VANNI: Object to form.
8 BY MR. BUCHANAN:
9 Q. Right?
10 A. Percocet is the brand.
11 Q. That's the name you marketed
12 it under, right?
13 A. That's the name that Endo
14 marketed the product under, Percocet.
15 Q. And if we looked at Percocet
16 pills shipped by Endo, we'd see a little
17 R with a circle around it, right?
18 It was your registered trade
19 name for it, correct?
20 A. It was.
21 Q. You had the exclusive right
22 to use that name, right?
23 MS. VANNI: Object to form.
24 Beyond the scope.

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1 THE WITNESS: From a
2 regulatory perspective, yes.
3 BY MR. BUCHANAN:
4 Q. Right. So when the jury
5 hears Percocet it can think Endo, right?
6 MS. VANNI: Objection.
7 BY MR. BUCHANAN:
8 Q. It has your name?
9 MS. VANNI: Objection.
10 THE WITNESS: Percocet was
11 our branded product. I will say
12 though, that as a strip that you
13 put on a cut, it's called a
14 Band-Aid, there is a branded
15 Band-Aid. And there are a lot of
16 other kinds of band-aids.
17 There is a branded Percocet
18 product and there are a lot of
19 generic Percocet products. Some
20 distributed by Endo, some
21 distributed not by Endo.
22 So there are a number of
23 products, generic products, that
24 get referred to as Percocet, that

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1 may or may not be the branded
2 Percocet.
3 BY MR. BUCHANAN:
4 Q. Fair point, sir.
5 And we see, in fact, you
6 sold a generic version of your own
7 branded product, right?
8 A. We did.
9 Q. Right. Well, we can't
10 dispute that -- or you don't dispute, do
11 you, sir, that you sold a lot of
12 Percocet?
13 MS. VANNI: Object to form.
14 BY MR. BUCHANAN:
15 Q. And its generic equivalence?
16 MS. VANNI: Object to form.
17 THE WITNESS: We sold
18 Percocet. I'm not disputing that.
19 BY MR. BUCHANAN:
20 Q. Okay. And as we see through
21 the years, certainly the early years
22 here, sir, Percocet is a big part of your
23 sales portfolio, right?
24 MS. VANNI: Object to form.

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1 THE WITNESS: We sold the
2 quantities of Percocet that are
3 listed on this sheet.
4 BY MR. BUCHANAN:
5 Q. Okay. So by 2003, wow, you
6 have taken, with your Percocet and
7 Endocet brand, you've gone from, what,
8 about 260 million pills of Percocet and
9 Endocet in 1999, to, what is that, about
10 640 million pills, of Percocet and
11 Endocet for one year in 2003?
12 A. About that.
13 Q. Just about doubled, five
14 years.
15 A. Right. Reflecting the
16 demand for the product, for the patients
17 that need it.
18 Q. A lot of growth, agreed?
19 MS. VANNI: Object to form.
20 BY MR. BUCHANAN:
21 Q. Doubled sales in five years
22 of Percocets?
23 A. There's growth from 1999 to
24 2003 reflecting the increased demand for

<p style="text-align: right;">Page 134</p> <p>1 the products for the patients that need 2 them. 3 MR. BUCHANAN: Let's -- 4 let's have 548, please. 5 THE WITNESS: 548? 6 BY MR. BUCHANAN: 7 Q. I called it 548. We have a 8 system that'll just help our tech to pull 9 up the documents. That's in the top 10 right corner. 11 A. Oh, I see. I see. 12 Q. From time to time I will 13 refer to the point numbers for your 14 convenience and mine. 15 MR. BUCHANAN: But we've 16 marked it as what exhibit number? 17 BY MR. BUCHANAN: 18 Q. Okay. Passing you 19 Exhibit 9, sir. It's an action plan to 20 prevent diversion. 21 Do you see that? 22 A. I do. 23 Q. Okay. Sue Tolen, do you 24 remember her?</p>	<p style="text-align: right;">Page 136</p> <p>1 and Percocet for many years." 2 What's the next sentence 3 say, sir? 4 A. It says, "Diversion and 5 abuse of these products continue." 6 Q. Let's pause. Okay. Does 7 that help you understand, sir, in the 8 context of your earlier testimony that 9 really fairly early on Endo's products 10 were a subject of abuse and diversion? 11 MS. VANNI: Objection. 12 THE WITNESS: What I stated 13 earlier was that if our products 14 aren't properly controlled through 15 the regulations and the controls 16 we put in place to prevent abuse 17 and diversion, then they could be 18 abused and diverted. 19 BY MR. BUCHANAN: 20 Q. And what this says, sir, is 21 that diversion and abuse of these 22 products, referencing Percodan and 23 Percocet in the prior sentence, 24 continues.</p>
<p style="text-align: right;">Page 135</p> <p>1 A. No. 2 Q. She preceded you? 3 A. I don't know Sue Tolen. 4 Q. Didn't speak with her in 5 your preparation for today? 6 A. No. No, I have not. 7 Q. It's a -- it's an alert from 8 the DEA, do you see that? 9 Drugs and chemicals of 10 concern. It says, "Oxycodone." And it 11 says, "Action plan to prevent the 12 diversion and abuse of OxyContin." 13 Do you see that? 14 A. I see that. 15 Q. Okay. I'll direct you to 16 548.3. To orient us, this is an e-mail 17 exchange from 7/14/2003. We are now on 18 .3 at the bottom, please. 19 MR. BUCHANAN: Can you blow 20 out that paragraph. 21 BY MR. BUCHANAN: 22 Q. It reads: "Oxycodone has 23 been marketed in combination products 24 with aspirin and acetaminophen, Percodan</p>	<p style="text-align: right;">Page 137</p> <p>1 Do you see that, sir? 2 MS. VANNI: Object to form. 3 THE WITNESS: I see what it 4 says here. 5 BY MR. BUCHANAN: 6 Q. And you've told us, sir, 7 Percocet was your brand name. You see 8 the little R there, right? 9 A. I see that R. 10 Q. That's Endo's product, with 11 the R. 12 How about Percodan, was that 13 also your brand name, sir? 14 A. Yeah, I believe we sold 15 Percodan for some period of time, yes. 16 MR. BUCHANAN: Can we go 17 back to Exhibit 4 for a moment. 18 BY MR. BUCHANAN: 19 Q. Percodan is the combination 20 of oxycodone and aspirin, right? 21 MS. VANNI: Object to form. 22 THE WITNESS: Yes, yes. 23 MR. BUCHANAN: Can you 24 highlight the Percodan there?</p>

<p style="text-align: right;">Page 138</p> <p>1 Okay.</p> <p>2 And I think the -- maybe you</p> <p>3 could blow it out so we can see</p> <p>4 the -- the actual sales up through</p> <p>5 2003.</p> <p>6 Thank you. Good.</p> <p>7 BY MR. BUCHANAN:</p> <p>8 Q. All right. So Percodan is a</p> <p>9 good product for you. Do you see that?</p> <p>10 MS. VANNI: Object to form.</p> <p>11 THE WITNESS: I see that we</p> <p>12 sold Percodan.</p> <p>13 BY MR. BUCHANAN:</p> <p>14 Q. Millions and millions and</p> <p>15 millions of Percodan as well, right?</p> <p>16 MS. VANNI: Objection.</p> <p>17 THE WITNESS: I see we sold</p> <p>18 42 million Percodan tablets over</p> <p>19 18 years.</p> <p>20 BY MR. BUCHANAN:</p> <p>21 Q. Okay. How about over this</p> <p>22 period of time, because it looks like --</p> <p>23 and I guess this is just the nongeneric</p> <p>24 formulation, right?</p>	<p style="text-align: right;">Page 140</p> <p>1 that you sold and we've talked about,</p> <p>2 were in fact highlighted by the DEA as</p> <p>3 products for which diversion and abuse</p> <p>4 continued as of 2003?</p> <p>5 MS. VANNI: Object to form.</p> <p>6 BY MR. BUCHANAN:</p> <p>7 Q. Can you confirm that's what</p> <p>8 the DEA reported?</p> <p>9 A. What it says here is,</p> <p>10 "Oxycodone has been marketed in</p> <p>11 combination with products with aspirin</p> <p>12 and acetaminophen, Percodan and Percocet,</p> <p>13 for many years. Diversion and abuse of</p> <p>14 these products continue."</p> <p>15 Q. Thank you.</p> <p>16 A. That's what it says here.</p> <p>17 Q. Okay. So by 2003,</p> <p>18 certainly, we have this DEA release in</p> <p>19 the company's files.</p> <p>20 And you don't dispute that</p> <p>21 the company was aware as of that point in</p> <p>22 time that diversion and abuse were</p> <p>23 continuing with Percocet and Percodan as</p> <p>24 of that point in time, do you, sir?</p>
<p style="text-align: right;">Page 139</p> <p>1 Because you made a generic</p> <p>2 formulation of Percodan, correct?</p> <p>3 A. We did.</p> <p>4 Q. Okay. You made Endodan. So</p> <p>5 let's talk about that one.</p> <p>6 MR. BUCHANAN: Can you</p> <p>7 highlight that line as well?</p> <p>8 Okay.</p> <p>9 BY MR. BUCHANAN:</p> <p>10 Q. So we see for Endodan over</p> <p>11 that four-year period of time, you sold</p> <p>12 85 million tablets of Endodan, right?</p> <p>13 A. About that.</p> <p>14 Q. Okay. It looks like another</p> <p>15 30, 35 million of Percodan, right?</p> <p>16 A. About that.</p> <p>17 Q. It's over a hundred million</p> <p>18 Percodan products, right, oxycodone and</p> <p>19 aspirin combined, right?</p> <p>20 A. That's what it says here.</p> <p>21 Q. Okay. And just satisfy me,</p> <p>22 sir, that both the Percocet products</p> <p>23 which you sold in the quantities we've</p> <p>24 talked about, and the Percodan products</p>	<p style="text-align: right;">Page 141</p> <p>1 MS. VANNI: Object to form.</p> <p>2 THE WITNESS: As I stated</p> <p>3 earlier, if these products aren't</p> <p>4 controlled properly, they can be</p> <p>5 abused and diverted. I also</p> <p>6 stated that branded products like</p> <p>7 Percocet, Percodan, and many times</p> <p>8 the generic is confused with the</p> <p>9 brand or people refer to the</p> <p>10 branded product -- to the generic</p> <p>11 product as the branded product.</p> <p>12 BY MR. BUCHANAN:</p> <p>13 Q. Are you disputing the DEA's</p> <p>14 statement, sir, that diversion and abuse</p> <p>15 continued with regard to Percodan and</p> <p>16 Percocet as of 2003?</p> <p>17 MS. VANNI: Object to form.</p> <p>18 THE WITNESS: I'm not</p> <p>19 debating what it says in front of</p> <p>20 me.</p> <p>21 BY MR. BUCHANAN:</p> <p>22 Q. Okay. And continue means</p> <p>23 it's happened before and it's still</p> <p>24 happening, fair?</p>

<p style="text-align: right;">Page 142</p> <p>1 MS. VANNI: Object to form. 2 THE WITNESS: Abuse and 3 diversion can happen if these 4 products aren't properly 5 controlled. Misuse of the 6 products can also occur with 7 people who have a valid 8 prescription for the product. I'm 9 not disputing that. 10 BY MR. BUCHANAN: 11 Q. I'm not asking you in a 12 general sense. I'm asking to make sure 13 we understand each other with regard to 14 what the word "continue" means. 15 Continue means is it was 16 happening and is happening; is that fair? 17 MS. VANNI: Object to form. 18 THE WITNESS: That's what 19 DEA is saying here. 20 BY MR. BUCHANAN: 21 Q. Abuse and diversion of 22 Percodan and Percocet has happened and 23 it's still happening, right? 24 MS. VANNI: Object to form.</p>	<p style="text-align: right;">Page 144</p> <p>1 Q. So to orient you from a time 2 frame perspective, it'll be the time 3 period, I believe, prior to 2015, 2016, 4 and Par's activities, conduct, drugs, 5 things like that, okay? 6 Passing you, sir, what we're 7 marking as Exhibit 5, filling in some 8 gaps from earlier. 9 Par is a company that, like 10 Endo, has made opioids over the years, 11 correct, sir? 12 A. Correct. 13 Q. This is, in fact, a chart of 14 the opioid-containing products that Par 15 has identified to us over the years. 16 The way it's been produced 17 to us, I'll represent to you, doesn't 18 draw a distinction between the pre-merger 19 entity and the post-merger entity. So at 20 some point in time, I'm assuming, as of 21 2016 to 2018, sales for Qualitest are 22 reflected in there, but let's focus first 23 on the 2010 to 2015 period of time. 24 Okay?</p>
<p style="text-align: right;">Page 143</p> <p>1 THE WITNESS: That's what it 2 says here. 3 BY MR. BUCHANAN: 4 Q. Okay. And that's something 5 that Endo was certainly aware of as of 6 2003? 7 MS. VANNI: Object to form. 8 THE WITNESS: Endo had this 9 communication from DEA in 2003. 10 BY MR. BUCHANAN: 11 Q. Thank you. 12 MR. BUCHANAN: You can take 13 that down. 14 BY MR. BUCHANAN: 15 Q. I don't know an easy way to 16 kind of talk about Par versus Qualitest 17 versus Endo, because their timelines are 18 different. So I'm going to try to do 19 them separately to keep the record clear. 20 So I'm going to announce to you that I'm 21 going to be focusing on the Par period of 22 time. Okay? And the pre-merger into the 23 Endo entity's period of time, fair? 24 A. Fair.</p>	<p style="text-align: right;">Page 145</p> <p>1 A. Right. I believe, in 2 looking at the chart, the Qualitest 3 products are included in 2015. 4 Q. And you're making that 5 inference based on the product mix and 6 the quantities? 7 A. I'm making that inference 8 based on my knowledge of the product mix 9 and the quantities. 10 Q. Okay. So if we want to get 11 a sense of kind of Par's pre-merger 12 opioid business, we can get a pretty good 13 perspective looking at the 2014 prior 14 period? 15 MS. VANNI: Object to form. 16 THE WITNESS: I think that 17 would make sense. 18 BY MR. BUCHANAN: 19 Q. Okay. So the company is 20 making some hydrocodone products, right? 21 MS. VANNI: Just note my 22 objection to the use of this 23 document consistent with my prior 24 objection.</p>

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1 Also, it looks to have a
2 product from another manufacturer
3 on here, Purdue, oxycodone,
4 Purdue.
5 MR. BUCHANAN: This is as
6 produced to us by the defense.
7 And actually, it was a question
8 that I was going to ask the
9 witness.
10 MS. VANNI: Okay. Also note
11 my objection that he is not a
12 30(b)(6) on sales, and he can't
13 authenticate the information
14 contained in this.
15 You can proceed.
16 (Document marked for
17 identification as Exhibit
18 Endo-Macrides-10.)
19 BY MR. BUCHANAN:
20 Q. Passing you also, sir,
21 Exhibit 10.
22 Exhibit 10, is, I'll
23 represent to you, sir, Exhibit A to Par's
24 supplemental interrogatory responses. We

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1 asked for the records of the products
2 that were shipped by Par. That is the
3 data that was given to us, and it's been
4 collapsed and enlarged for your
5 convenience in the prior exhibit. I
6 think you'll find the prior exhibit,
7 Exhibit 5 easier to read.
8 A. I can't read that.
9 Q. That's why we did what we
10 did.
11 A. Okay.
12 Q. Okay. You have the source
13 materials, if you'd like, Exhibit 10.
14 Exhibit 5 is our summary
15 table for your convenience.
16 All right. So we see prior
17 to the 2015 merger that Par is in the
18 business of making a hydrocodone kind of
19 liquid.
20 Do you see that?
21 A. I see that.
22 Q. Okay. As of 2014 selling a
23 hundred-plus million dosage units of
24 that. It's got an oral transmucosal

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1 fentanyl citrate product.
2 Do you see that?
3 A. I see that.
4 Q. And fentanyl is a pretty
5 potent opioid, fair?
6 MS. VANNI: Object to form.
7 THE WITNESS: I understand
8 that fentanyl is an opioid.
9 BY MR. BUCHANAN:
10 Q. Do you understand that it's
11 fairly potent?
12 A. I don't have specific
13 knowledge of the potency of fentanyl. I
14 understand it's an opioid.
15 Q. Okay. Do you have a sense
16 of the relative desirability of different
17 active pharmaceutical ingredients in
18 terms of the street value?
19 MS. VANNI: Object to form.
20 THE WITNESS: I don't have
21 any specific knowledge of that. I
22 understand that my responsibility
23 is to control all opioid products
24 in the same way to prevent the

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1 diversion and abuse of those
2 products.
3 BY MR. BUCHANAN:
4 Q. Certain products can be more
5 desirable than others though in the
6 street, true?
7 MS. VANNI: Object to form.
8 THE WITNESS: I imagine that
9 could be true. I have no --
10 BY MR. BUCHANAN:
11 Q. Do you have any knowledge in
12 that regard?
13 A. I have no specific
14 knowledge --
15 Q. Fair enough.
16 A. -- on the --
17 Q. Okay.
18 So we see the company is
19 making fentanyl patches in 2014. It's
20 got -- making oral transmucosal fentanyl
21 citrate. It's making morphine sulfate.
22 Do you see that?
23 A. I see that.
24 Q. Okay. It's -- there's a

<p style="text-align: right;">Page 150</p> <p>1 line item here for oxycodone and on the 2 chart that was produced to us it says -- 3 MR. BUCHANAN: I'm sorry, 4 can you pull up E1809 for 5 everyone's benefit. 6 If I do that again, just 7 somebody give me an elbow so you 8 can see. Okay? 9 Can you blow out to 2014. 10 The -- actually include 2015, just 11 so we have a -- no, I'm sorry, 12 with the drug names all the way to 13 2015. 14 Thank you. Okay. 15 BY MR. BUCHANAN: 16 Q. That may help you if you 17 want to read the screen, sir. 18 A. Oh, I can read this. 19 Q. Okay. So Par, prior to its 20 merger with Endo and Qualitest in 2015 is 21 also in the opioid business, right? 22 A. They are. 23 Q. Okay. Millions of pills and 24 millions of dosage units of syrups,</p>	<p style="text-align: right;">Page 152</p> <p>1 oxycodone/APAP not the generic 2 formulation of Percocet? 3 A. It is the generic 4 formulation of Percocet. I was just 5 confused because you said Percocet and 6 Percocet is zero on here in 2014. 7 Q. Oh, that -- that's fair. 8 Okay. 9 So what I'm -- what I'm 10 highlighting, sir, is oxycodone/APAP is 11 the generic form of Percocet. And I 12 apologize if I confused you with that. 13 By 2014, Par is in the 14 Percocet business, right? 15 MS. VANNI: Object to form. 16 THE WITNESS: They are in 17 the generic Percocet business, 18 yes. 19 BY MR. BUCHANAN: 20 Q. Okay. By 2014, Par is in 21 the generic Percocet business, do you 22 agree? 23 A. I agree. 24 Q. To the tune of about a pill</p>
<p style="text-align: right;">Page 151</p> <p>1 patches. It looks like oral 2 trans mucosals, of various opioid 3 formulations. 4 Is that fair? 5 MS. VANNI: Object to form. 6 THE WITNESS: Yes. Parceled 7 and marketed opioid products. 8 BY MR. BUCHANAN: 9 Q. Okay. It looks like they 10 are also in the Percocet business, right, 11 2014? 12 A. The -- the Percocet would 13 have been -- I believe that would be the 14 Endo product. 15 Q. Well, we know Endo doesn't 16 buy Par until when? 17 A. 2015. 18 Q. Right. So in 2014, in the 19 data that's been provided to us, we see 20 some 272 million pills? 21 A. That's oxycodone/APAP, not 22 Percocet. You said Percocet. Percocet 23 was zero in 2014. 24 Q. Oh, I'm sorry. Is -- is</p>	<p style="text-align: right;">Page 153</p> <p>1 for every American? 2 MS. VANNI: Object to form. 3 THE WITNESS: The quantity 4 here says 272 million tablets. 5 BY MR. BUCHANAN: 6 Q. Okay. About a pill for 7 every American? 8 MS. VANNI: Object to form. 9 Beyond the scope. 10 THE WITNESS: It's 272 11 million tablets. 12 BY MR. BUCHANAN: 13 Q. A lot of pills, right? 14 MS. VANNI: Object to form. 15 THE WITNESS: It's 272 16 million tablets. 17 BY MR. BUCHANAN: 18 Q. Okay. And Par as a 19 manufacturer of opioids and a distributor 20 of opioid products, was also charged with 21 maintaining effective controls against 22 diversion, correct? 23 A. Correct. 24 Q. Also had to have a</p>

<p style="text-align: right;">Page 154</p> <p>1 suspicious order monitoring program, 2 right? 3 A. Correct. 4 Q. Also received orders before 5 it shipped each of those pills, patches 6 and liquids, correct? 7 A. Correct. 8 Q. In 2010 how many -- and I'll 9 represent to you, sir, I don't have data 10 that goes back prior to 2010 for -- for 11 Par. That may be because they didn't 12 make it prior to that point in time, or 13 it may be because it just wasn't given to 14 us. 15 But as of 2010, did the 16 company stop shipping any order it 17 received because of excessive quantity, 18 frequency, or any of the other categories 19 for a suspicious order? 20 MS. VANNI: Object to form. 21 THE WITNESS: Par had a DEA 22 compliance function and procedures 23 around reviewing orders. I don't 24 believe there were any orders</p>	<p style="text-align: right;">Page 156</p> <p>1 THE WITNESS: I'm not aware 2 of any orders that were reported 3 as suspicious after review and 4 investigation of any orders of 5 interest. 6 BY MR. BUCHANAN: 7 Q. Okay. Any stop-ships? 8 A. Not that I'm aware of. 9 Q. Okay. 2012, 190 million, 10 180 million, something like that, dosage 11 units, pills, patches, liquids. 12 Numbers going up, right? 13 A. So these products in 2012, 14 Par had a very active history as a 15 generics company of launching new 16 products. These products appear to have 17 been launched in 2012, which is why 18 they -- they show up there. 19 Q. So -- 20 A. I'm not aware of any orders 21 that were reported as suspicious after 22 review and investigation through our SOMs 23 system. 24 Also any time a product was</p>
<p style="text-align: right;">Page 155</p> <p>1 reported that were deemed 2 suspicious after review and 3 investigation of any orders of 4 interest. 5 BY MR. BUCHANAN: 6 Q. Any order that it 7 stop-shipped and didn't fill? 8 A. I don't believe so. 9 Q. Okay. So for 2010, no 10 orders reported to DEA and no orders 11 stop-shipped, true? 12 A. My understanding is that we 13 did not report any suspicious orders 14 after investigation of any orders of 15 interest that came through our SOMs 16 program. 17 Q. Okay. 2011, again, 18 150 million pills, units, patches. I 19 guess it's just pills, excuse me. Oral 20 transmucosal fentanyl and cough syrup at 21 that point in time. 22 Any reports to the DEA in 23 2011? 24 MS. VANNI: Object to form.</p>	<p style="text-align: right;">Page 157</p> <p>1 launched there were specific procedures 2 around reviewing customers who were 3 ordering that product, you know, to 4 ensure that they had the appropriate 5 licenses, programs, et cetera, in place 6 to control these products properly. 7 Q. Well, let's talk about that, 8 I guess. 9 In 2010, please describe for 10 the jury what Par's suspicious order 11 monitoring program was. 12 A. I would describe the program 13 as standard operating procedures looking 14 at orders that would be deemed of 15 interest based on orders that were 16 excessive relative to, you know, 17 historical parameters. 18 There was also, as I 19 understand it, diligence around new 20 customers. 21 Those -- those SNOPs and 22 programs would have been evolving. 23 THE VIDEOGRAPHER: Off the 24 record at 11:11 a.m.</p>

<p style="text-align: right;">Page 158</p> <p>1 (Brief pause.)</p> <p>2 THE VIDEOGRAPHER: We are</p> <p>3 back on the record at 11:12 a.m.</p> <p>4 BY MR. BUCHANAN:</p> <p>5 Q. Okay. I apologize for</p> <p>6 the -- for the interruption, sir.</p> <p>7 You were telling us about</p> <p>8 Par's suspicious order monitoring program</p> <p>9 back in time here, pre-merger period.</p> <p>10 In fact, as of 2010, the</p> <p>11 company didn't even have a suspicious</p> <p>12 order monitoring program, isn't that</p> <p>13 true?</p> <p>14 MS. VANNI: Object to form.</p> <p>15 THE WITNESS: You might</p> <p>16 describe it more as an order</p> <p>17 management program. I think new</p> <p>18 customers were being reviewed and</p> <p>19 orders were being reviewed at some</p> <p>20 level.</p> <p>21 MR. BUCHANAN: Can I have</p> <p>22 1056, please.</p> <p>23 BY MR. BUCHANAN:</p> <p>24 Q. Did you find an SOP for a</p>	<p style="text-align: right;">Page 160</p> <p>1 Q. I'm passing you, sir, what</p> <p>2 we've marked as, I think that's</p> <p>3 Exhibit 11 for your deposition.</p> <p>4 MR. BUCHANAN: Provide a</p> <p>5 copy to counsel, please.</p> <p>6 Can you pull up E-1056.</p> <p>7 BY MR. BUCHANAN:</p> <p>8 Q. All right. This, sir, is an</p> <p>9 e-mail from Joseph -- I'll probably</p> <p>10 mispronounce his name.</p> <p>11 A. Barbarite.</p> <p>12 Q. Barbarite. Okay. To Angela</p> <p>13 Feniger and others. Was Ms. Feniger one</p> <p>14 of the people you talked with?</p> <p>15 A. She was.</p> <p>16 Q. Okay. When you talked with</p> <p>17 her, sir, did she tell you that they had</p> <p>18 no suspicious order monitoring in place</p> <p>19 while they were selling controlled</p> <p>20 substances in 2010?</p> <p>21 MS. VANNI: Object to form.</p> <p>22 THE WITNESS: I don't</p> <p>23 believe we specifically discussed</p> <p>24 that.</p>
<p style="text-align: right;">Page 159</p> <p>1 suspicious order monitoring program for</p> <p>2 Par as of 2010, sir?</p> <p>3 A. I looked at a lot of</p> <p>4 documents. If you can show me a document</p> <p>5 that you're referring to. I looked at a</p> <p>6 lot of documents. I don't remember</p> <p>7 exactly all the documents that I looked</p> <p>8 at. I did look at documents with</p> <p>9 specific procedures for Par around</p> <p>10 suspicious order monitoring, new</p> <p>11 customers -- setting up new customers, et</p> <p>12 cetera.</p> <p>13 Q. The hard thing for me is I</p> <p>14 can't show you something that doesn't</p> <p>15 exist. So in 2010, sir, are you aware of</p> <p>16 an SOP or a policy or procedure for</p> <p>17 suspicious order monitoring?</p> <p>18 A. I reviewed policies and</p> <p>19 procedures for Par. I don't remember the</p> <p>20 exact dates.</p> <p>21 (Document marked for</p> <p>22 identification as Exhibit</p> <p>23 Endo-Macrides-11.)</p> <p>24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 161</p> <p>1 BY MR. BUCHANAN:</p> <p>2 Q. Okay. Y'all invited a</p> <p>3 company in to take a look at your systems</p> <p>4 in 2010, right? A company called Cegedim</p> <p>5 Dendrite. Buzzeeo might be another name</p> <p>6 that you recall.</p> <p>7 A. Yeah. That's what it says</p> <p>8 here, yes.</p> <p>9 Q. Okay. Had you seen this</p> <p>10 document before?</p> <p>11 A. I had not seen this</p> <p>12 document.</p> <p>13 Q. Okay. So this is the report</p> <p>14 back from your consultant to you in, I</p> <p>15 guess, early 2010, following an</p> <p>16 April 2010 inspection. Let's go to</p> <p>17 1056.2. That is the cover letter that</p> <p>18 accompanies the report.</p> <p>19 A. I see it.</p> <p>20 Q. Signed by Mr. Buzzeeo, chief</p> <p>21 compliance officer.</p> <p>22 Do you see that?</p> <p>23 A. I see that.</p> <p>24 Q. Okay. You've seen reports</p>

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1 and analyses by Mr. Buzzeo over the years
2 to your company?
3 A. I have.
4 Q. Okay. The company worked
5 with Mr. Buzzeo after this point in time,
6 right?
7 MS. VANNI: Object to form.
8 THE WITNESS: We did.
9 BY MR. BUCHANAN:
10 Q. And before this point in
11 time, right?
12 A. We did.
13 Q. All right. You relied on
14 him?
15 MS. VANNI: Object to form.
16 THE WITNESS: We used them
17 for input into how we can improve
18 our programs.
19 BY MR. BUCHANAN:
20 Q. And you respected their
21 advice, right?
22 MS. VANNI: Object to form.
23 THE WITNESS: If we hired a
24 consultant it was to give us

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1 specific input to challenge us and
2 to give us suggestions on how we
3 can improve.
4 BY MR. BUCHANAN:
5 Q. Sure.
6 A. In that context that's why
7 we -- that's how we would have --
8 Q. And you invited them into
9 your shop, right?
10 MS. VANNI: Object to form.
11 BY MR. BUCHANAN:
12 Q. Per the 1056.3?
13 A. I'm just looking this over.
14 Yes, it looked like there was a visit to
15 the facility.
16 Q. Visit to the facility, short
17 review of documents, to provide findings
18 and recommendations back to the company,
19 correct? We're going to 1056.10.
20 A. 1056.10?
21 Q. Yes. Is that correct? You
22 called them in. They looked at stuff.
23 They gave you a report and analysis back?
24 Fair, sir?

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1 A. It looked like they did an
2 audit and gave us some -- some findings.
3 Q. Okay. Let's go to Finding
4 Number 8.
5 A. Are you on --
6 Q. 1056.10.
7 A. Okay.
8 Q. I'm sorry.
9 Finding Number 8, SOM,
10 below. I guess there's two Finding
11 Number 8 -- Findings Number 8.
12 Finding Number 8, SOM.
13 Could you read that sentence for us, sir?
14 A. "There is no suspicious
15 order monitoring program in place."
16 Q. Okay. Let's pause there.
17 As of 2010, the company is selling
18 controlled substances that it must keep
19 in a vault and in a cage in its warehouse
20 and production facilities, correct?
21 MS. VANNI: Object to form.
22 THE WITNESS: Par was
23 selling opioids that had certain
24 regulations on how they needed to

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1 be stored and controlled.
2 BY MR. BUCHANAN:
3 Q. And there is a requirement?
4 MR. BUCHANAN: Can we blow
5 that out?
6 BY MR. BUCHANAN:
7 Q. Under 21 C.F.R. 1301.74(b).
8 Do you see that? That the company must
9 maintain and operate a system to disclose
10 to the registrant suspicious orders of
11 controlled substances, right?
12 Do you see that?
13 A. Yeah. And if I could just
14 have a minute to read it. Yes, this is
15 what the regulation says.
16 Q. Okay. And that regulation's
17 not a new one, right?
18 A. No.
19 Q. I mean, that regulation has
20 been around for as long as Endo has been
21 around, right?
22 MS. VANNI: Objection.
23 THE WITNESS: The
24 regulations has been in place for

<p style="text-align: right;">Page 166</p> <p>1 whatever period of time they've 2 been in place. 3 BY MR. BUCHANAN: 4 Q. Right. And the Controlled 5 Substance Act actually has a provision 6 that manufacturers and distributors are 7 supposed to maintain effective controls 8 against diversion, right? Are you aware 9 of that? 10 A. I'm aware of that, yes. 11 Q. Okay. So as of 2010, sir, 12 there is no suspicious order monitoring 13 program in place. That's what you're 14 told by the consultants you hired to look 15 at this issue, correct? 16 A. That's what the report says. 17 Q. Okay. 18 A. So as I said earlier, we 19 hired -- 20 Q. That's my question sir. 21 Recommendation underneath, 22 "Although it was stated that sales are 23 mainly to large wholesalers" -- let's 24 pause.</p>	<p style="text-align: right;">Page 168</p> <p>1 MS. VANNI: Object to form. 2 THE WITNESS: We have to do 3 what it says in the registrant -- 4 in the register -- in the -- I'm 5 sorry, in the C.F.R. We have to 6 do what it says in the C.F.R. 7 BY MR. BUCHANAN: 8 Q. Right. You must have a 9 program, right? 10 A. We must have a system to 11 disclose suspicious orders of controlled 12 substances. 13 Q. That's right. And it says 14 here, a program must be what? 15 Instituted, correct? 16 A. I'm sorry. Where are you 17 reading that? 18 Q. The top says, "There is no 19 suspicious order" -- "no suspicious order 20 monitoring program in place." 21 First sentence, right? 22 A. Right. 23 Q. It advises your team, there 24 is a regulation that requires one.</p>
<p style="text-align: right;">Page 167</p> <p>1 As a registrant, you have an 2 obligation to maintain a suspicious order 3 monitoring program, period, correct, sir? 4 MS. VANNI: Object to form. 5 THE WITNESS: We have an 6 obligation to do what it says here 7 in the regulations, to design and 8 operate a system to disclose to 9 the registrant suspicious orders 10 of controlled substances. 11 BY MR. BUCHANAN: 12 Q. Right. 13 A. That's what we have an 14 obligation to do. 15 Q. Right. It doesn't -- the 16 explanation given to your consultant that 17 well, we just sell to wholesalers, that 18 doesn't mean that you don't have to have 19 a suspicious order monitoring program, 20 right? 21 MS. VANNI: Object to form. 22 THE WITNESS: We have to -- 23 BY MR. BUCHANAN: 24 Q. You know better than that?</p>	<p style="text-align: right;">Page 169</p> <p>1 That's the second part, right? It says 2 that's the requirement? 3 A. Yes, they are quoting the 4 regulations here. 5 Q. And then they are saying, 6 here is our recommendation, that you 7 institute one, that you comply with the 8 law. 9 MS. VANNI: Object to form. 10 THE WITNESS: The way I 11 interpret this document, we hired 12 these consultants to come in 13 because we recognized that the -- 14 as I said earlier, that these 15 products, opioid products, if they 16 are not properly controlled, can 17 be abused and diverted. 18 We -- we brought these 19 consultants in, in a proactive 20 way, to give us guidance and 21 direction on how to develop a 22 better program for ensuring that 23 our orders were reviewed properly, 24 comprehensively, and ultimately</p>

<p style="text-align: right;">Page 170</p> <p>1 any orders of interest were 2 investigated. 3 BY MR. BUCHANAN: 4 Q. Did you say -- 5 A. That's how I interpret this 6 document. 7 Q. Did you say a better 8 program, sir? A better? 9 There was no program prior 10 to this point in time. None. 11 A. I'm not interpreting this 12 document to suggest that there was no 13 program. 14 Q. What did they say, sir? 15 A. I'm -- I'm interpreting this 16 document as the consultants, as they 17 would define a suspicious order 18 monitoring program, that they felt that 19 we needed to improve. 20 Q. Please tell the jury what 21 SOP Par had for suspicious order 22 monitoring prior to this date, sir. 23 A. I'm not referencing a 24 specific SOP. I'm just telling you how</p>	<p style="text-align: right;">Page 172</p> <p>1 We can agree that's not an 2 ambiguous sentence, correct? 3 MS. VANNI: Object to form. 4 THE WITNESS: We can agree 5 that's what they said and wrote 6 into the report. 7 BY MR. BUCHANAN: 8 Q. Right. And we can also 9 agree sitting here today, sir, you are 10 not aware of a standard operating 11 procedure that the company actually has 12 dated prior to this point in time 13 concerning suspicious order monitoring, 14 correct? 15 A. Like I said, I reviewed a 16 lot of documents. I reviewed a lot of 17 Par SOPs. I can't go back and tell you 18 exactly what date. 19 I -- I do know that Par had 20 an evolving program, as did Qualitest, as 21 did Endo, around suspicious order 22 monitoring and ensuring that our -- our 23 orders were reviewed and investigated to 24 prevent abuse and diversion.</p>
<p style="text-align: right;">Page 171</p> <p>1 I'm interpreting this document. 2 Q. Well, please tell me -- 3 A. I'm not interpreting the 4 document to suggest that Par wasn't in 5 some way reviewing orders that, you know, 6 potentially would be excessive based on 7 historical parameters. 8 Now, that may not be the way 9 the consultant is defining the suspicious 10 order monitoring program. But that 11 doesn't mean that these orders weren't 12 being looked at to determine whether or 13 not there was an order that was, quote, 14 excessive. 15 Q. So these consultants that 16 you hired came in, and you understand 17 they have specific DEA compliance 18 experience, Cegedim, Dendrite, Buzzeo? 19 A. Of course. 20 Q. Okay. Brought them in to 21 look at your system, sir. They looked at 22 the system, and finding Number 8 says 23 there is no suspicious order monitoring 24 program in place.</p>	<p style="text-align: right;">Page 173</p> <p>1 Q. Sitting here today, sir, you 2 don't recall a single Par policy, 3 procedure, or standard operating document 4 prior to the date of this memo for 5 suspicious order monitoring, correct, 6 sir? 7 MS. VANNI: Object to form. 8 THE WITNESS: I do recall a 9 suspicious order monitoring SOP. 10 I do not recall the time 11 frame at which that was 12 implemented. 13 BY MR. BUCHANAN: 14 Q. Okay. Well, we'll look at 15 that. Okay. 16 Because the company, a few 17 years later, implements an SOP, right? 18 MS. VANNI: Object to form. 19 BY MR. BUCHANAN: 20 Q. After it's been selling 21 opioids for years -- 22 MS. VANNI: Objection. 23 BY MR. BUCHANAN: 24 Q. -- right?</p>

<p style="text-align: right;">Page 174</p> <p>1 MS. VANNI: Objection.</p> <p>2 THE WITNESS: As I said, our</p> <p>3 programs were evolving in response</p> <p>4 to increasing our diligence around</p> <p>5 monitoring orders and ensuring</p> <p>6 that we were doing everything we</p> <p>7 could within the regulations to</p> <p>8 prevent our abuse and diversion.</p> <p>9 This step of bringing in a</p> <p>10 consultant, which we do quite</p> <p>11 frequently, to challenge us, to</p> <p>12 help us raise the bar, to give us</p> <p>13 their view on things.</p> <p>14 MR. BUCHANAN: Move to</p> <p>15 strike.</p> <p>16 BY MR. BUCHANAN:</p> <p>17 Q. My question was, the company</p> <p>18 has been selling opioids for years prior</p> <p>19 to the time it implements its first SOP.</p> <p>20 Do you know that, sir?</p> <p>21 MS. VANNI: Objection.</p> <p>22 Asked and answered.</p> <p>23 THE WITNESS: I have data</p> <p>24 here that says the company was</p>	<p style="text-align: right;">Page 176</p> <p>1 things, and delivered a report which said</p> <p>2 there is no suspicious order monitoring</p> <p>3 program in place as of this date in 2010,</p> <p>4 correct, sir?</p> <p>5 MS. VANNI: Object to form.</p> <p>6 THE WITNESS: As the</p> <p>7 consultants define suspicious</p> <p>8 order monitoring program, their</p> <p>9 input was we needed to enhance</p> <p>10 whatever we were doing in terms of</p> <p>11 looking at orders and formalize</p> <p>12 the program. That's how I would</p> <p>13 interpret their response here.</p> <p>14 BY MR. BUCHANAN:</p> <p>15 Q. Okay. And so the answer to</p> <p>16 my question, sir, though about whether</p> <p>17 you are aware of a standard operating</p> <p>18 procedure for SOMs or a policy as of 2010</p> <p>19 is still the same, you're not aware of</p> <p>20 one, correct?</p> <p>21 MS. VANNI: Objection.</p> <p>22 Misstates his testimony.</p> <p>23 THE WITNESS: I reviewed a</p> <p>24 lot of documents. I know I</p>
<p style="text-align: right;">Page 175</p> <p>1 selling opioids in 2010.</p> <p>2 BY MR. BUCHANAN:</p> <p>3 Q. Okay. Let's take a look</p> <p>4 at -- and you are not aware of an SOP</p> <p>5 from 2010, are you, sir?</p> <p>6 MS. VANNI: Objection.</p> <p>7 BY MR. BUCHANAN:</p> <p>8 Q. For suspicious order</p> <p>9 monitoring?</p> <p>10 MS. VANNI: Objection.</p> <p>11 THE WITNESS: I think I</p> <p>12 already said that I reviewed SOPs,</p> <p>13 but I -- I did not -- I'm not</p> <p>14 aware of the actual dates. I</p> <p>15 don't remember the dates of -- of</p> <p>16 specific SOPs that I reviewed.</p> <p>17 BY MR. BUCHANAN:</p> <p>18 Q. Okay. We can agree that --</p> <p>19 we have -- we have your memory obviously</p> <p>20 of not having a specific date for an SOP.</p> <p>21 We have your consultants</p> <p>22 though who came in and did a</p> <p>23 three-year -- three-day, excuse me, site</p> <p>24 visit. Spoke with people, looked at</p>	<p style="text-align: right;">Page 177</p> <p>1 reviewed documents, Par documents,</p> <p>2 that were related to suspicious</p> <p>3 order monitoring.</p> <p>4 I don't remember -- I don't</p> <p>5 recall the date. I looked at a</p> <p>6 lot of documents to prepare for</p> <p>7 this. I didn't commit them all to</p> <p>8 memory.</p> <p>9 BY MR. BUCHANAN:</p> <p>10 Q. Okay. Let me show you the</p> <p>11 first one we found, sir. Okay.</p> <p>12 MR. BUCHANAN: Can I have</p> <p>13 1839.</p> <p>14 (Document marked for</p> <p>15 identification as Exhibit</p> <p>16 Endo-Macrides-12.)</p> <p>17 BY MR. BUCHANAN:</p> <p>18 Q. I'm passing you, sir, what</p> <p>19 we're marking as Exhibit 12. This is an</p> <p>20 e-mail from Ms. Feniger to Ms. Lipari and</p> <p>21 some others on the team. Suspicious</p> <p>22 order monitoring.</p> <p>23 SOM, do you see that?</p> <p>24 A. I see that.</p>

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1 Q. Attachments SO002. Do you
2 see that?
3 A. I see that.
4 Q. Okay. The quality is
5 something we're both suffering with, sir.
6 I wish I could have given you a better
7 copy.
8 And so what we have here is
9 the SOM. And it's SOP number SO002.0.
10 Do you see that?
11 A. I see that.
12 Q. And it says supersedes.
13 What does it say after that?
14 MR. BUCHANAN: Can you go to
15 .2 please.
16 THE WITNESS: I'm sorry.
17 BY MR. BUCHANAN:
18 Q. I'm sorry. It's the top of
19 the page, sir. I know my question was
20 confusing.
21 We see the SOP number on the
22 right. You recognize that companies like
23 yours number their SOPs?
24 A. Right.

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1 Q. And they often put a version
2 number, a dot after to indicate an
3 incremental change to an SOP?
4 A. Right.
5 Q. Okay. What's the title of
6 this particular SOP, sir?
7 A. Suspicious order monitoring.
8 Q. Okay. And the SOP number
9 for it is SO002.0, correct?
10 A. Correct.
11 Q. Supersedes?
12 A. It says not applicable.
13 Q. What is the date, the
14 effective date of this SOP, sir?
15 A. April 17th of 2012.
16 Q. Okay. And we've got
17 signatures and approvals written by,
18 checked by, approved by.
19 Do you see all that?
20 A. I do.
21 Q. Okay. This was actually
22 written by the head of sales?
23 A. Written by Patricia Lipari,
24 director of sales.

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1 Q. Okay.
2 A. Sales operations.
3 Q. Okay. Sales ops. And it
4 was checked by a technical writer in
5 documentation, right?
6 A. Checked by, yeah, Angela
7 Feniger.
8 Q. I can't read the approved by
9 name. Do you know that name?
10 A. Dino Taraban.
11 Q. Okay. And so, sir, this
12 is -- the .0 or the first version of
13 Par's SOM, suspicious order monitoring
14 SOP, correct, sir?
15 A. Appears to be the first
16 specific SOP entitled suspicious order
17 monitoring.
18 Q. Okay. And --
19 A. But I wouldn't interpret
20 that as suggesting that orders were not
21 being looked at in some capacity prior to
22 that.
23 Q. Yeah, that wouldn't be
24 helpful, right? That'd be a real

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1 problem?
2 MS. VANNI: Object to form.
3 BY MR. BUCHANAN:
4 Q. I mean, you had a consultant
5 come -- withdrawn.
6 You had a consultant come in
7 in 2010, in April, right? The Buzzeeo
8 group came in in April 2010?
9 A. April.
10 Q. We looked at that.
11 A. Right.
12 Q. They said, "There is no
13 suspicious order monitoring program," is
14 what they said, right?
15 A. That was their observation.
16 Q. Right.
17 A. Those were their words.
18 Q. They showed you the C.F.R.
19 They made a recommendation, right? They
20 said, "You need an SOP," right?
21 MS. VANNI: Object to form.
22 The document speaks for itself.
23 MR. BUCHANAN: I'm happy to
24 let it speak for all of us.

<p style="text-align: right;">Page 182</p> <p>1 THE WITNESS: They said --</p> <p>2 MR. BUCHANAN: I told you</p> <p>3 I'd allow that to happen.</p> <p>4 THE WITNESS: My</p> <p>5 interpretation of what they said</p> <p>6 is they said we need to improve</p> <p>7 our program around order</p> <p>8 monitoring.</p> <p>9 BY MR. BUCHANAN:</p> <p>10 Q. What they said, "There is no</p> <p>11 suspicious order monitoring program in</p> <p>12 place." You can agree that's what they</p> <p>13 wrote and told the company in early 2010,</p> <p>14 correct?</p> <p>15 A. That's what they said in</p> <p>16 2010, based on the way they would define</p> <p>17 suspicious order monitoring.</p> <p>18 Q. Right. And -- well, they</p> <p>19 said you had no suspicious order</p> <p>20 monitoring program in place. Yes or no?</p> <p>21 A. That's what it says here.</p> <p>22 Q. Thank you. They quoted you</p> <p>23 the regulation. Yes or no?</p> <p>24 A. They quoted the regulation.</p>	<p style="text-align: right;">Page 184</p> <p>1 says.</p> <p>2 Q. Okay. "It is further</p> <p>3 recommended that the basis for</p> <p>4 conducting" -- what? Due diligence.</p> <p>5 Do you see that?</p> <p>6 A. I see that.</p> <p>7 Q. -- "of new and existing</p> <p>8 customers and identifying and</p> <p>9 investigating and clearing of reporting</p> <p>10 suspicious orders be documented in an</p> <p>11 SOP."</p> <p>12 Did I read that correctly,</p> <p>13 sir?</p> <p>14 A. You did.</p> <p>15 Q. Okay. And so we have now,</p> <p>16 the rest of 2010 passes without an SOP,</p> <p>17 right?</p> <p>18 A. This appears to be the first</p> <p>19 SOP that is specifically titled</p> <p>20 "Suspicious Order Monitoring."</p> <p>21 Q. All of 2011 passes without</p> <p>22 an SOP, right?</p> <p>23 A. As I said, this is the first</p> <p>24 SOP that appears to be entitled</p>
<p style="text-align: right;">Page 183</p> <p>1 Q. They said, "Although it was</p> <p>2 stated" -- okay, do you understand that</p> <p>3 to be referring to your people talking to</p> <p>4 the Buzzeo folks, right?</p> <p>5 MS. VANNI: Object to form.</p> <p>6 BY MR. BUCHANAN:</p> <p>7 Q. "Although it was stated that</p> <p>8 sales are mainly to large wholesalers" --</p> <p>9 is that your understanding, sir?</p> <p>10 A. Right.</p> <p>11 Q. The Buzzeo folks got that</p> <p>12 information from your team at Par, right?</p> <p>13 A. Presumably yes, they were</p> <p>14 speaking to people at Par.</p> <p>15 Q. Right. "Although it was</p> <p>16 stated that sales are mainly to large</p> <p>17 wholesalers, a program must be instituted</p> <p>18 based on customer sales, volumes,</p> <p>19 seasonal fluctuations, et cetera, with a</p> <p>20 firm statistical analysis as the basis</p> <p>21 for such a program."</p> <p>22 Did I read that correctly,</p> <p>23 sir?</p> <p>24 A. You read -- that's what it</p>	<p style="text-align: right;">Page 185</p> <p>1 "Suspicious Order Monitoring." That</p> <p>2 doesn't mean that Par wasn't complying</p> <p>3 with the registration around identifying</p> <p>4 potentially suspicious orders --</p> <p>5 Q. And then in --</p> <p>6 A. -- in the 2010-2011 time</p> <p>7 frame.</p> <p>8 Q. Then sometime around April</p> <p>9 of 2012, you got around to getting an</p> <p>10 SOP, huh?</p> <p>11 MS. VANNI: Object to form.</p> <p>12 BY MR. BUCHANAN:</p> <p>13 Q. Do I have that right?</p> <p>14 MS. VANNI: Object to form.</p> <p>15 THE WITNESS: In April</p> <p>16 of 2012, we published an SOP.</p> <p>17 BY MR. BUCHANAN:</p> <p>18 Q. Okay. And you published</p> <p>19 that SOP, and, you know, we can agree</p> <p>20 some 200 million units of pills and doses</p> <p>21 and patches -- I guess it's not pills.</p> <p>22 It's oral transmucosal fentanyl citrate</p> <p>23 and syrups, are going out the door with</p> <p>24 hydrocodone and fentanyl in 2010 and</p>

<p style="text-align: right;">Page 186</p> <p>1 2011, correct?</p> <p>2 MS. VANNI: Object to form.</p> <p>3 MR. BUCHANAN: Withdrawn.</p> <p>4 Very confusing question.</p> <p>5 MS. VANNI: Very.</p> <p>6 BY MR. BUCHANAN:</p> <p>7 Q. You told us earlier in</p> <p>8 April 2012 you published that SOP. Yet</p> <p>9 in 2010 and 2011 some 200 million dosage</p> <p>10 units of fentanyl citrate and hydrocodone</p> <p>11 went out the door, correct?</p> <p>12 A. We sold those products in</p> <p>13 2010 and 2011.</p> <p>14 Q. Okay.</p> <p>15 A. You're assuming that the</p> <p>16 lack of -- the lack of an SOP meant that</p> <p>17 those orders were not being looked at or</p> <p>18 not being reviewed.</p> <p>19 Q. You have not been able to</p> <p>20 highlight any written procedure, any</p> <p>21 documentation for the company that</p> <p>22 preceded the April 2012 SOP, correct,</p> <p>23 sir?</p> <p>24 MS. VANNI: Object to form.</p>	<p style="text-align: right;">Page 188</p> <p>1 are suspicious orders under your SOP for</p> <p>2 suspicious order monitoring, sir?</p> <p>3 A. Orders that would be deemed</p> <p>4 of interest.</p> <p>5 Q. Where are those? You're</p> <p>6 looking -- it sounds like you are not on</p> <p>7 1839.2. You are now on 18 point --</p> <p>8 A. I'm just reviewing the</p> <p>9 document.</p> <p>10 Q. -- 1839.3. We can agree</p> <p>11 1839.2 doesn't identify what a suspicious</p> <p>12 order is, correct?</p> <p>13 MS. VANNI: Object to form.</p> <p>14 BY MR. BUCHANAN:</p> <p>15 Q. Characteristics, quality.</p> <p>16 We could agree?</p> <p>17 A. It says, "Define a process</p> <p>18 for suspicious order monitoring that's in</p> <p>19 line with DEA requirements." That's what</p> <p>20 it says.</p> <p>21 Q. Okay. Let's go to 1839.3.</p> <p>22 So what were you telling</p> <p>23 your sales operations folks was a</p> <p>24 suspicious order on 1839.3?</p>
<p style="text-align: right;">Page 187</p> <p>1 THE WITNESS: I don't have a</p> <p>2 document.</p> <p>3 BY MR. BUCHANAN:</p> <p>4 Q. So could you describe for</p> <p>5 us, sir, where in Exhibit 12 the company</p> <p>6 describes how it's going to determine</p> <p>7 what gets reported to the DEA?</p> <p>8 A. If you can give me a minute</p> <p>9 to review this.</p> <p>10 Q. Sure. Let's just -- let's</p> <p>11 just go to 1839.2 real quick.</p> <p>12 A. 1839.2.</p> <p>13 Q. We can agree under purpose,</p> <p>14 policy, and responsibility, there's</p> <p>15 nothing in here about reporting stuff to</p> <p>16 the DEA, correct?</p> <p>17 A. It says, "Define process of</p> <p>18 suspicious order monitoring as determined</p> <p>19 by sales operations that we are in line</p> <p>20 with DEA requirements."</p> <p>21 So if -- if the order needs</p> <p>22 to be reported to DEA, that would be in</p> <p>23 line with DEA requirements.</p> <p>24 Q. Okay. So what orders, then,</p>	<p style="text-align: right;">Page 189</p> <p>1 A. So what this is telling me</p> <p>2 is that they're looking at orders that</p> <p>3 are considered to be excessive. "If</p> <p>4 quantities are higher than the average</p> <p>5 transmission, it is questioned."</p> <p>6 Q. Where are you, sir?</p> <p>7 A. I'm on -- under procedure.</p> <p>8 Q. Okay. What paragraph?</p> <p>9 A. The second one. "Weekly</p> <p>10 replenishment purchase orders are</p> <p>11 analyzed by account service executives</p> <p>12 versus customer provided usages. If</p> <p>13 quantities are higher than the average</p> <p>14 transmission it is questioned.</p> <p>15 "The buyer is contacted to</p> <p>16 review a written request, is asked as to</p> <p>17 the reason for the increase. It is</p> <p>18 reviewed to ensure it is correct and</p> <p>19 warranted."</p> <p>20 Q. Mm-hmm. And then what gets</p> <p>21 reported to the DEA?</p> <p>22 A. If there is not a reasonable</p> <p>23 explanation for the order, and it was</p> <p>24 deemed suspicious, then under the</p>

<p style="text-align: right;">Page 190</p> <p>1 regulations it would need to be reported 2 to DEA. 3 Q. Okay. And where is that? 4 I'm just trying to find that? 5 Can we agree, sir, nothing 6 in here spells out what and how it gets 7 reported to the DEA? 8 A. It doesn't seem to describe 9 that exact process. It seems to talk 10 more about monthly reports are generated 11 and sent to quality compliance for 12 submission to DEA on a quarterly basis. 13 Q. Okay. We can agree, sir, in 14 2010, I think your testimony was no 15 orders were identified as suspicious or 16 reported to DEA, correct? 17 A. We did not submit any 18 suspicious orders based on our review of 19 the orders. 20 Q. And not in 2011 or in 2012, 21 correct, sir? 22 A. Not to my knowledge. 23 Q. Okay. 24 A. After review and</p>	<p style="text-align: right;">Page 192</p> <p>1 people, administrative people that take 2 the orders. They are not salespeople. 3 Q. They are not compliance 4 people. 5 MS. VANNI: Object to form. 6 THE WITNESS: No, they are 7 customer service people. 8 BY MR. BUCHANAN: 9 Q. Customer service -- in the 10 sales side of the organization, correct? 11 A. They would sit in the sales 12 organization. 13 Q. Okay. And so not too long 14 after this particular SOP, sir, you 15 crafted another SOP, right? 16 Have you seen any of these, 17 by the way? 18 A. I've reviewed SOPs, 19 policies. 20 Q. Have you seen these? 21 A. I saw this one. 22 Q. Oh, you did. Okay. So -- 23 A. Like I said earlier, I 24 just -- I couldn't recall the date. I</p>
<p style="text-align: right;">Page 191</p> <p>1 investigation. 2 Q. Well, in fact, there was no 3 SOP in force until April of 2012, 4 correct? 5 MS. VANNI: Object to form. 6 THE WITNESS: Yes. No SOP 7 specifically entitled "Suspicious 8 Order Monitoring." 9 BY MR. BUCHANAN: 10 Q. Okay. And, in fact, please 11 tell the jury who had a responsibility 12 for evaluating orders once you had an 13 SOP. 14 Let's go to 1839.2. Do you 15 see the heading that says Responsibility? 16 Who had responsibility? 17 A. "Sales" -- "sales 18 operations/account services to monitor 19 applicable Par trade customer purchase 20 orders." 21 Q. Okay. So the sales group? 22 A. These aren't -- these aren't 23 salespeople. These are -- these are 24 people that -- these are more clerical</p>	<p style="text-align: right;">Page 193</p> <p>1 have seen the document. 2 Q. Okay. All right. Let's go 3 to 1845, please. 4 We're going to pass it over 5 to you. It's going to be the next in 6 order. 7 MR. BUCHANAN: What is the 8 next in order? 9 13. 10 (Document marked for 11 identification as Exhibit 12 Endo-Macrides-13.) 13 BY MR. BUCHANAN: 14 Q. Okay. So here we go, sir. 15 Passing you what we now have as 16 Exhibit 13 to your deposition. 17 This is the next iteration 18 of the suspicious order monitoring 19 protocol, correct? 20 A. Version 2.1, yes. 21 Q. Okay. And that's the way we 22 can track these SOPs, by an SOP number 23 and then a dot with a version number? 24 A. Version number.</p>

<p style="text-align: right;">Page 194</p> <p>1 Q. Okay. That's kind of the 2 way the corporate stuff works? 3 A. That's how we work from a 4 compliance perspective. 5 Q. Gotcha. And then it says 6 over here, "Supersedes." And it lists 7 the prior one we just looked at, right? 8 A. That's correct. 9 Q. Okay. Does that help give 10 you comfort, sir, we were looking at the 11 first SOP just a moment ago on suspicious 12 order monitoring of Par, as of 13 April 2012? 14 A. Yeah, I believe I already 15 said that. 16 Q. Okay. Well, let's look at 17 how the company framed its suspicious 18 order monitoring duties. 19 MS. VANNI: Object to form. 20 MR. BUCHANAN: Can we go 21 to -- I think it's .3. 22 Actually, just for the 23 jury's benefit can we go back to 24 .1.</p>	<p style="text-align: right;">Page 196</p> <p>1 Q. Okay. And well, let's look 2 at how this SOP evolved. 3 MR. BUCHANAN: Can we go to 4 .3. 5 BY MR. BUCHANAN: 6 Q. It says, "Reporting 7 suspicious criminal activities." 8 Do you see that? 9 A. I see that. 10 Q. Okay. "If criminal activity 11 is suspected, report the following" -- 12 "report the following to the state 13 agencies that are" -- "that license the 14 facility, e.g., board of pharmacy and 15 Food and Drug Administration, as well as 16 Drug Enforcement Administration for 17 controlled substances within three days 18 of suspecting criminal activity." 19 Do you see that, sir? 20 A. I see that. 21 Q. Okay. We can agree, sir, 22 that your obligation and your promise as 23 a registrant, is to report orders of 24 unusual frequency, orders of unusual</p>
<p style="text-align: right;">Page 195</p> <p>1 BY MR. BUCHANAN: 2 Q. This was put in force in 3 October of 2012, correct? 4 A. That's what it says. 5 Q. Okay. And then if we go to 6 dot -- and again it was -- go back again, 7 I'm sorry. 8 Again, it was written by the 9 same director of sales operations, right? 10 A. Right. 11 Q. And signed off by the -- 12 excuse me, checked by the account 13 services executive, right? 14 A. Right. 15 Q. That's a different name than 16 last name. 17 And then we've got that same 18 Dino person, head of QA? 19 A. Yeah, he was -- he was head 20 of compliance for the -- for Par. 21 Q. Okay. 22 A. All of compliance. 23 Q. Okay. 24 A. Quality and DEA compliance.</p>	<p style="text-align: right;">Page 197</p> <p>1 size, consistent with the regulation we 2 looked at a moment ago. 3 Do you recall that? 4 A. The regulation states that 5 if we deem an order to be suspicious, 6 then we report it. 7 Q. Right. I mean, the standard 8 is not whether it's suspicious criminal 9 activities, right? 10 MS. VANNI: Object to form. 11 THE WITNESS: If we deem an 12 order to be suspicious, then we 13 report it. 14 BY MR. BUCHANAN: 15 Q. Right. That is what the 16 regulation requires, right? 17 A. That's what the regulation 18 says. 19 Q. Right. And what this says 20 is, if criminal activity is suspected, 21 that's when you have to do this, correct? 22 MS. VANNI: Object to form. 23 THE WITNESS: That's not how 24 I would interpret this. This</p>

<p style="text-align: right;">Page 198</p> <p>1 seems to be covering more broadly 2 activity around -- I think it's 3 a -- it's a broad statement that 4 goes beyond just identifying a 5 suspicious order. 6 BY MR. BUCHANAN: 7 Q. Well, we could agree, sir, 8 that the language that's reflected here 9 in terms of, if criminal activity is 10 suspected report the following to, and it 11 lists the agencies and whatnot. 12 That does not align with 13 what the Buzzeo group told you in 2010, 14 correct? 15 MS. VANNI: Object to form. 16 BY MR. BUCHANAN: 17 Q. Of your regulatory 18 responsibility? 19 A. The Buzzeo report 20 specifically referenced the C.F.R. 21 Q. Right. 22 A. This is talking about 23 suspicious criminal activity. 24 Q. Okay.</p>	<p style="text-align: right;">Page 200</p> <p>1 Q. Okay. Based on somebody 2 with a lot of industry exposure, 3 experience, and knowledge of what's 4 expected under the regulations, fair? 5 A. Based on their experience, 6 yes. 7 Q. Okay. We could agree that 8 you did not institute a program with a 9 firm statistical analysis, sales volume, 10 seasonal fluctuations, as the basis for 11 your suspicious order monitoring program, 12 correct? 13 MS. VANNI: Object to form. 14 THE WITNESS: I wouldn't 15 characterize it that way. 16 BY MR. BUCHANAN: 17 Q. Okay. Because frankly, 18 there is no statistical analysis that's 19 performed as part of Par's suspicious 20 order monitoring program as of 2012, 21 right, sir? 22 MS. VANNI: Object to form. 23 THE WITNESS: What this 24 says, and what we were doing was</p>
<p style="text-align: right;">Page 199</p> <p>1 A. Which goes, in my 2 interpretation, beyond simply identifying 3 and reporting a suspicious order. 4 Q. Right. Well beyond, right? 5 MS. VANNI: Object to form. 6 BY MR. BUCHANAN: 7 Q. This was, in fact, sir, the 8 SOP that you had in force for the next 9 several years, right? 10 MS. VANNI: Object to form. 11 THE WITNESS: Well, this SOP 12 would have been in existence until 13 we revised it. 14 BY MR. BUCHANAN: 15 Q. Okay. Well, we could agree 16 that the Buzzeo group said you need a 17 statistically valid suspicious order 18 monitoring methodology that took account 19 of seasonal fluctuation, customer sales 20 volumes, with a firm statistical analysis 21 and basis for the program. We can agree 22 that's what they told you to do, right? 23 A. Buzzeo made a recommendation 24 of what they felt we should do, yes.</p>	<p style="text-align: right;">Page 201</p> <p>1 looking at orders versus 2 historical parameters and making 3 an assessment of whether or not 4 the order was exceeding that. And 5 then doing the appropriate 6 investigation to determine whether 7 we conclude whether the order 8 could be suspicious. 9 BY MR. BUCHANAN: 10 Q. Right. 11 A. That's what we were doing. 12 Which -- which the regulation requires us 13 to have a program in place to identify a 14 suspicious order. 15 Q. Right. 16 A. The SOP is focused on 17 meeting that obligation under the 18 regulation. 19 Q. Okay. We can agree, sir, 20 without regard to whether you said it met 21 it or didn't meet it, that the program 22 the company had in place as of 2012 did 23 not have a firm statistical foundation 24 that was accounting for seasonal</p>

<p style="text-align: right;">Page 202</p> <p>1 fluctuation of customer sales volumes, 2 other classes of trade, et cetera, 3 correct? 4 MS. VANNI: Object to form. 5 THE WITNESS: Well, that 6 would depend upon what your 7 definition of a -- of a firm 8 statistical analysis here. We do 9 talk about -- in the SOP, you 10 know, we do talk about looking at 11 these orders and understanding if 12 an order deviates from what we 13 expect, then reviewing that across 14 a number of parameters, one of 15 which could be seasonality. 16 BY MR. BUCHANAN: 17 Q. Where are the records of all 18 of the orders that pended -- so you 19 understand there's some language they use 20 in this space as pended or held with 21 regard to orders that come in under 22 suspicious order monitoring systems? 23 MS. VANNI: Object to form. 24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 204</p> <p>1 slip. 2 BY MR. BUCHANAN: 3 Q. What system did Par, 4 pre-merger with Qualitest, use to conduct 5 its suspicious order monitoring? 6 A. I believe Par at that time 7 would have been using JD Edwards as its 8 ERP system to take orders. So how orders 9 were held or pended would have depended 10 on the functionality of JD Edwards. 11 Q. Okay. And does the JD 12 Edwards system have records of all the 13 pended orders? 14 A. I can't speak to that. 15 Q. Are you aware of any orders 16 that were ever pended between 2010 and 17 2015 for Par customers? 18 A. I can't speak to which 19 specific orders were pended. I can only 20 speak to what we were doing here relative 21 to the SOP. 22 Q. Okay. And did the JD 23 Edwards system actually have an algorithm 24 in it as of 2010, 2011, 2012?</p>
<p style="text-align: right;">Page 203</p> <p>1 Q. Do you understand that 2 language? 3 A. I understand that language, 4 yes. 5 Q. So Par had a sales order 6 system, right? 7 A. Par had a system for taking 8 orders, yes. 9 Q. So how many orders that Par 10 had between 2010 and prior to the 11 acquisition by Qualitest or Endo were 12 pended? 13 A. I don't have that 14 information. 15 Q. Okay. What system did 16 Qualitest track its orders by? 17 A. Are you asking me about Par 18 or Qualitest? 19 Q. Did I say Qualitest? 20 MS. VANNI: You said 21 Qualitest. 22 THE WITNESS: You said 23 Qualitest. 24 MR. BUCHANAN: That was a</p>	<p style="text-align: right;">Page 205</p> <p>1 A. The JD Edwards system would 2 have had information on the history -- 3 the history of orders. 4 Q. Not asking you that, sir. 5 I'm asking you whether they actually had 6 an algorithm to identify orders of 7 interest. 8 MS. VANNI: Object to form. 9 THE WITNESS: There were 10 sales history, order history to 11 use to evaluate orders. 12 BY MR. BUCHANAN: 13 Q. So you're saying that a 14 customer service person was supposed to 15 look at order history for every order. 16 The system wasn't doing anything to flag 17 orders? 18 A. I don't know if there 19 were -- 20 MS. VANNI: Object to form. 21 THE WITNESS: I'm sorry. 22 I don't know if there were 23 specific reports that people 24 were -- JD Edwards has a report</p>

<p style="text-align: right;">Page 206</p> <p>1 writing mechanism. There may have 2 been specific reports that 3 customer service representatives 4 were looking at or had developed 5 by IT that would help them, you 6 know, collate that data for their 7 review. 8 BY MR. BUCHANAN: 9 Q. Okay. Well, you do have 10 some knowledge, obviously, of what an 11 algorithm looks like for suspicious order 12 monitoring, correct? 13 A. Correct. 14 Q. We'll talk about later 15 today, Qualitest implemented something in 16 2013 and '14 a more involved suspicious 17 order monitoring -- 18 A. We used -- yeah, we used 19 Cegedim to develop the algorithm. 20 Q. You used the very 21 consultant -- 22 A. We did. 23 Q. -- that came in and told you 24 in 2010 that there was no suspicious</p>	<p style="text-align: right;">Page 208</p> <p>1 A. I think this is -- as the 2 landscape has evolved here around 3 suspicious order monitoring, the 4 algorithms have become more 5 sophisticated. 6 Q. Well, sir, y'all were pretty 7 sophisticated in figuring out how to sell 8 your products, right? 9 MS. VANNI: Object to form. 10 THE WITNESS: I'm not here 11 to testify on how we sell our 12 products. 13 BY MR. BUCHANAN: 14 Q. I know, but -- 15 A. That's somebody else's 16 responsibility. 17 Q. You used a lot of different 18 systems to make money, right? 19 MS. VANNI: Objection. 20 Beyond the scope. Argumentative. 21 BY MR. BUCHANAN: 22 Q. I'm just suggesting, sir -- 23 I mean, look, the company had success 24 growing its business. We looked at the</p>
<p style="text-align: right;">Page 207</p> <p>1 order monitoring program for Par, 2 correct? 3 MS. VANNI: Object to form. 4 THE WITNESS: As I said, 5 we've used consultants over the 6 years to help us enhance our 7 programs. 8 BY MR. BUCHANAN: 9 Q. That wasn't my question. My 10 question was you used the same consultant 11 to incorporate the suspicious order 12 monitoring algorithm in 2014 that told 13 you, you had no program in 2010 in Par, 14 correct? 15 MS. VANNI: Object to form. 16 THE WITNESS: We used 17 Cegedim to develop an algorithm 18 for us. 19 BY MR. BUCHANAN: 20 Q. Okay. And that algorithm, 21 we could agree, is certainly more 22 advanced than what's reflected in the 23 exhibit before you, the 2012 SOP, 24 correct, sir?</p>	<p style="text-align: right;">Page 209</p> <p>1 charts. We looked at how the pill counts 2 grew. We looked at how that evolved. We 3 looked at how -- and we know how 4 companies invest in infrastructure to 5 figure out how to best promote and sell 6 and make money. Do you agree -- 7 MS. VANNI: Object. 8 BY MR. BUCHANAN: 9 Q. -- companies do that? 10 MS. VANNI: Objection to 11 form. 12 THE WITNESS: We are a 13 company that sells -- 14 BY MR. BUCHANAN: 15 Q. Do you agree that companies 16 do that? 17 MS. VANNI: Objection to 18 form. You just cut him off. He 19 was answering. 20 Go ahead and answer. 21 THE WITNESS: We are a 22 company that sells -- 23 BY MR. BUCHANAN: 24 Q. Withdrawn. No question.</p>

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1 MS. VANNI: Can we take a
 2 lunch break now? We've been going
 3 about an hour and a half.
 4 MR. BUCHANAN: Let me -- let
 5 me just finish this thread.
 6 MS. VANNI: Okay.
 7 MR. BUCHANAN: So -- can I
 8 have 1072?
 9 BY MR. BUCHANAN:
 10 Q. So, in 2015, sir, you call
 11 the Buzzeo folks back in again, right?
 12 MS. VANNI: Thank you.
 13 I'm sorry, what number is
 14 this?
 15 MR. BUCHANAN: 14.
 16 MS. VANNI: Thank you.
 17 (Document marked for
 18 identification as Exhibit
 19 Endo-Macrides-14.)
 20 BY MR. BUCHANAN:
 21 Q. In 2015 you call the Buzzeo
 22 folks back in?
 23 Do you remember this?
 24 A. July 2015. Yeah.

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1 Q. Okay. You -- you agree?
 2 A. Yeah, we called Buzzeo back
 3 in.
 4 Q. Okay. And they did an
 5 audit, right?
 6 A. Yes. We do audits
 7 periodically.
 8 Q. Okay. And is this in the
 9 pre-acquisition time period, sir?
 10 A. This would have been
 11 preclosure I believe.
 12 Q. Okay. So let's go to
 13 E-1072.4. We have their letter to you,
 14 by Mr. Barbarite.
 15 Am I mispronouncing that?
 16 A. Barbarite.
 17 Q. Barbarite, thank you.
 18 Received a letter from
 19 Mr. Buzzeo. Same folks from before,
 20 right?
 21 A. Right.
 22 Q. Okay. And attached is a
 23 report of our DEA audit of your
 24 operations, right?

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1 A. Right.
 2 Q. Okay. Let's go to E-1072.7,
 3 summary of findings.
 4 We are now five years after
 5 the first audit by Buzzeo, right?
 6 A. 2015, right.
 7 Q. That would be five years
 8 after the first one? Okay.
 9 About seven bullets down.
 10 "A suspicious order monitoring system
 11 must be devised for all
 12 non-practitioners, which includes
 13 manufacturers."
 14 Do you see that?
 15 A. That's what they say here,
 16 yes.
 17 Q. They told you that five
 18 years earlier, right?
 19 MS. VANNI: Object to form.
 20 THE WITNESS: They told us
 21 that we had to have a system in
 22 place in order to be able to
 23 detect suspicious orders.
 24 BY MR. BUCHANAN:

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1 Q. They told you that in 2010,
 2 right, sir?
 3 A. That's what it said in the
 4 report.
 5 Q. Yeah. Let's go to 1072.23.
 6 All manufacturers, first
 7 bullet.
 8 "Non-practitioners of
 9 controlled substances must design and
 10 operate a system that discloses
 11 suspicious orders of controlled
 12 substances and report those orders to the
 13 DEA.
 14 "Further, the company must
 15 make a good faith effort to ensure that
 16 it is shipping controlled substances to
 17 companies that are appropriately
 18 registered to receive those substances."
 19 Did I read that correctly?
 20 A. That's what it says here.
 21 Q. It's telling your folks that
 22 Par regulatory has a responsibility to
 23 report those orders to the DEA, right?
 24 MS. VANNI: Object to form.

<p style="text-align: right;">Page 214</p> <p>1 BY MR. BUCHANAN:</p> <p>2 Q. As to the second bullet, I'm</p> <p>3 sorry.</p> <p>4 A. It says that at all -- if an</p> <p>5 order is determined to be suspicious that</p> <p>6 it is reported, yes.</p> <p>7 Q. And we can agree, sir,</p> <p>8 between 2010 and 2015, not a single order</p> <p>9 was reported by Par to the DEA, correct?</p> <p>10 MS. VANNI: Object to form.</p> <p>11 THE WITNESS: After review</p> <p>12 of the orders and investigation of</p> <p>13 any order of interest, there were</p> <p>14 no orders that were deemed to be</p> <p>15 suspicious.</p> <p>16 BY MR. BUCHANAN:</p> <p>17 Q. Okay. Let's scroll down.</p> <p>18 Third bullet, "The DEA's</p> <p>19 expectation is noted in the regulations</p> <p>20 and additional communications to</p> <p>21 registrants is that the order should be</p> <p>22 evaluated and reported to the DEA if</p> <p>23 suspicious as defined in the</p> <p>24 regulations."</p>	<p style="text-align: right;">Page 216</p> <p>1 Q. It then goes through and</p> <p>2 talks about your SOP, do you see that?</p> <p>3 A. Yes.</p> <p>4 Q. It says, "According to the</p> <p>5 SOP, Par PhRMA's top trade customers are</p> <p>6 asked to submit usage reports," right?</p> <p>7 A. Yes.</p> <p>8 Q. You saw that in the SOP, you</p> <p>9 recall that?</p> <p>10 A. That's what it says in the</p> <p>11 SOP.</p> <p>12 Q. Yeah, the SOP says we'll ask</p> <p>13 our customers how much they are going to</p> <p>14 use, and then we'll ask them if they want</p> <p>15 more.</p> <p>16 MS. VANNI: Object to form.</p> <p>17 BY MR. BUCHANAN:</p> <p>18 Q. And we adjust the schedule.</p> <p>19 Do you remember reading all</p> <p>20 that in that SOP run by sales and</p> <p>21 customer service?</p> <p>22 A. I remember reading that the</p> <p>23 customer provides usage reports and we</p> <p>24 look at their orders against historical</p>
<p style="text-align: right;">Page 215</p> <p>1 Did I read that correctly,</p> <p>2 sir?</p> <p>3 MS. VANNI: Sorry, David,</p> <p>4 but where are you?</p> <p>5 MR. BUCHANAN: Third bullet,</p> <p>6 second half of the bullet.</p> <p>7 MS. VANNI: Okay. Thank</p> <p>8 you.</p> <p>9 MR. BUCHANAN: Sorry, I'm</p> <p>10 just trying to get through this</p> <p>11 before lunch.</p> <p>12 THE WITNESS: If -- yeah, it</p> <p>13 says here that if -- if DEA's</p> <p>14 expectation is that as we</p> <p>15 determine a suspicious order, that</p> <p>16 we should report it.</p> <p>17 BY MR. BUCHANAN:</p> <p>18 Q. Okay. Then notes that when</p> <p>19 the -- when the Buzzeo people were there,</p> <p>20 the person responsible for the system</p> <p>21 wasn't available for the interview;</p> <p>22 however, your SOP was provided.</p> <p>23 Do you see that?</p> <p>24 A. Yes.</p>	<p style="text-align: right;">Page 217</p> <p>1 usage and we make a decision whether or</p> <p>2 not we need more information to ship the</p> <p>3 order.</p> <p>4 Q. Right. It then states at</p> <p>5 the bottom bullet, "The SOP does not" --</p> <p>6 "does not contain instructions for</p> <p>7 reporting suspicious orders."</p> <p>8 Do you see that?</p> <p>9 A. I see that.</p> <p>10 Q. Your SOP on suspicious order</p> <p>11 monitoring, sir, does not contain</p> <p>12 instructions for reporting them, correct?</p> <p>13 A. That's what it says.</p> <p>14 Q. And we can agree that none</p> <p>15 were reported?</p> <p>16 MS. VANNI: Object to form.</p> <p>17 THE WITNESS: We can agree</p> <p>18 that no orders were deemed</p> <p>19 suspicious.</p> <p>20 BY MR. BUCHANAN:</p> <p>21 Q. We can agree that none were</p> <p>22 reported, correct?</p> <p>23 A. If an order wasn't deemed to</p> <p>24 be suspicious, then it wasn't -- it</p>

<p style="text-align: right;">Page 218</p> <p>1 wasn't reported.</p> <p>2 Q. Okay. Instead, there is a</p> <p>3 section which is bolded which states,</p> <p>4 "Criminal activities will be reported to</p> <p>5 federal and state agencies, including the</p> <p>6 Food and Drug Administration and the</p> <p>7 board of pharmacy within three days."</p> <p>8 Did I read that correctly?</p> <p>9 A. That's what it says.</p> <p>10 Q. All right. And then on the</p> <p>11 next page it says, "Review findings and</p> <p>12 recommendations."</p> <p>13 And these -- these are the</p> <p>14 people that you hired, right?</p> <p>15 MS. VANNI: Object to form.</p> <p>16 THE WITNESS: We hired</p> <p>17 consultants to come in and help us</p> <p>18 improve our systems and controls.</p> <p>19 BY MR. BUCHANAN:</p> <p>20 Q. And they said your system is</p> <p>21 going to be difficult to defend, right?</p> <p>22 MS. VANNI: Object to form.</p> <p>23 THE WITNESS: Where are you?</p> <p>24 What --</p>	<p style="text-align: right;">Page 220</p> <p>1 five years earlier, you needed a</p> <p>2 defensible statistical SOM model, right?</p> <p>3 MS. VANNI: Object to form.</p> <p>4 THE WITNESS: They've given</p> <p>5 us input on evolving and</p> <p>6 developing our suspicious order</p> <p>7 monitoring system over a period of</p> <p>8 time.</p> <p>9 BY MR. BUCHANAN:</p> <p>10 Q. Let's be clear what I'm</p> <p>11 asking. I'm sorry, let's be clear about</p> <p>12 what I'm asking.</p> <p>13 That's what they told you</p> <p>14 that you needed to do in 2010, correct?</p> <p>15 A. That's what the report said,</p> <p>16 yes.</p> <p>17 Q. Okay. And they are telling</p> <p>18 you that you need to do that in 2015,</p> <p>19 correct?</p> <p>20 A. They're telling us that</p> <p>21 these are recommendations and best</p> <p>22 practices that are aimed at improving our</p> <p>23 suspicious order monitoring program,</p> <p>24 which is what we brought them in to do.</p>
<p style="text-align: right;">Page 219</p> <p>1 BY MR. BUCHANAN:</p> <p>2 Q. "Par's current SOM system as</p> <p>3 it currently operates may be difficult to</p> <p>4 explain and defend during a DEA review."</p> <p>5 Did I read that correctly?</p> <p>6 A. That's what -- that's what</p> <p>7 it says.</p> <p>8 Q. And so then it states</p> <p>9 your -- it states recommendations here at</p> <p>10 the bottom.</p> <p>11 Do you see that?</p> <p>12 "It's recommended that Par</p> <p>13 PhRMA evaluate its ongoing program in</p> <p>14 light of the following recommendation and</p> <p>15 best practices with an aim to improve</p> <p>16 their SOM program."</p> <p>17 A. Yes. I read that.</p> <p>18 Q. Okay. "One, a defensible</p> <p>19 statistical SOM model."</p> <p>20 Did I see that -- did I read</p> <p>21 that correctly?</p> <p>22 A. Yes.</p> <p>23 Q. Okay. And again, that's</p> <p>24 what they were telling you in 2010,</p>	<p style="text-align: right;">Page 221</p> <p>1 Q. Right. And so in between,</p> <p>2 sir, an SOP was created, correct?</p> <p>3 A. We created an SOP.</p> <p>4 Q. And the advice from the</p> <p>5 consultants you hired is the same after</p> <p>6 the SOP about your need for a</p> <p>7 statistical -- statistical SOM model to</p> <p>8 detect orders of interest, correct?</p> <p>9 MS. VANNI: Object to form.</p> <p>10 BY MR. BUCHANAN:</p> <p>11 Q. Before and after whatever</p> <p>12 you did in 2012?</p> <p>13 A. I'm not determining it to be</p> <p>14 the same. I'm determining there needs to</p> <p>15 be recommendations to continue to improve</p> <p>16 and enhance our program --</p> <p>17 Q. Let's just read it.</p> <p>18 A. -- as it states here.</p> <p>19 Q. Let's just read it.</p> <p>20 The recommendation,</p> <p>21 "Implement a defensible statistical SOM</p> <p>22 model," correct? Is that what they</p> <p>23 wrote?</p> <p>24 A. A defensible statistical</p>

<p style="text-align: right;">Page 222</p> <p>1 SOMs model, that goes on. 2 Q. Yeah. "Identifies orders of 3 unusual size, orders deviating 4 substantially from a normal pattern, and 5 orders have unusual frequency." 6 Statistically based model, correct? 7 A. Correct. 8 Q. And they told you in 2010 9 you needed a statistically based model, 10 correct, sir? 11 MS. VANNI: Object to form. 12 THE WITNESS: That was their 13 recommendation in 2010. 14 BY MR. BUCHANAN: 15 Q. Understood. They also told 16 you, you needed appropriate due diligence 17 in know your customer activities, right? 18 A. Right. 19 Q. Okay. Had to be looking at 20 the legitimacy of your current and 21 existing and potential customers, 22 correct? Correct? 23 A. That's what this says. 24 Q. You needed to do appropriate</p>	<p style="text-align: right;">Page 224</p> <p>1 patterns of customers. 2 Q. We can agree, sir, that your 3 consultant that you hired, the same one 4 that you hired five years earlier and the 5 same one whose model you implemented for 6 Qualitest, told you that you needed to 7 differentiate appropriate roles for sales 8 and regulatory, correct sir? Is that 9 what they wrote? 10 A. Yes. The consultant wrote 11 that under the category of 12 recommendations for improvement and best 13 practices. 14 Q. Okay. 15 A. That's why we hire a 16 consultant, so they can challenge what 17 we're doing, give us best practice 18 recommendations, and help us to improve. 19 MR. BUCHANAN: Move to 20 strike. Nonresponsive. 21 BY MR. BUCHANAN: 22 Q. They also told you that you 23 needed clear, comprehensive SOM SOPs, 24 right?</p>
<p style="text-align: right;">Page 223</p> <p>1 review -- appropriate review and/or 2 investigations of pended orders, right? 3 A. That's what it says. 4 Q. What did they tell you 5 appropriate review is, sir? 6 A. Differentiation of 7 appropriate roles for sales and 8 regulatory. 9 Q. Right. Because we know that 10 sales has a conflict of interest as it 11 comes to investigating suspicious orders, 12 right, sir? 13 MS. VANNI: Objection. 14 THE WITNESS: I wouldn't 15 agree with that characterization. 16 BY MR. BUCHANAN: 17 Q. Really, sir? Did you 18 look -- 19 A. In fact -- 20 Q. -- Qualitest's documents? 21 A. In fact, the customer 22 service people that were doing this work 23 did have specific knowledge about order 24 quantities and historical ordering</p>	<p style="text-align: right;">Page 225</p> <p>1 A. That's what it says here. 2 Q. Right. So the consultant 3 says that you don't have a clear and 4 defensible SOP. It may be difficult to 5 defend to the DEA. Yet this was 6 something that was supposed to be used by 7 your employees, right? 8 MS. VANNI: Object to form. 9 THE WITNESS: The consultant 10 is giving us their input on how we 11 can improve our programs and our 12 SOPs, which subsequently we took 13 this input and continued to evolve 14 and improve our programs. 15 BY MR. BUCHANAN: 16 Q. Right. Well, they gave 17 input in 2010, right? 18 A. They gave us input in 2010 19 that we used to improve as well. 20 Q. Right. And we know that 21 certainly between 2010 and 2015, you 22 still didn't have a statistically based 23 model for identifying orders of interest, 24 correct?</p>

<p style="text-align: right;">Page 226</p> <p>1 MS. VANNI: Object to form. 2 THE WITNESS: We used the 3 data that was available to us in 4 the systems that we had to ensure 5 that we were monitoring our orders 6 and ensuring that we had the 7 ability to monitor -- 8 MR. BUCHANAN: Move to 9 strike. Nonresponsive. 10 THE WITNESS: -- suspicious 11 orders. 12 MS. VANNI: You're moving to 13 strike his answer that he hasn't 14 even provided. Let him at 15 least -- 16 MR. BUCHANAN: Stay with my 17 question. Okay? 18 BY MR. BUCHANAN: 19 Q. And we know that between 20 2010 and 2015, you still had not 21 implemented a statistically based model 22 for identifying orders of interest; isn't 23 that true? 24 MS. VANNI: Objection.</p>	<p style="text-align: right;">Page 228</p> <p>1 factual question. Your consultant told 2 you that you didn't have a statistically 3 based model in 2010, correct? 4 A. The consultant told us that 5 we could enhance our program by 6 implementing a statistically based model 7 or an improved statistically based model. 8 Q. They said you need one. You 9 need a statistically based model. You 10 didn't have one in 2010. That's what 11 they told you, sir, correct? 12 A. The consultant gave us 13 recommendations on how to improve our 14 program. 15 Q. Okay. And we know that the 16 recommendation they gave you in 2010 17 about implementing a statistically based 18 program, they were giving you the same 19 recommendation in 2015, correct? 20 A. That's your interpretation. 21 Q. That's what the document 22 states. That's what they wrote, correct? 23 Is that what they wrote, 24 sir?</p>
<p style="text-align: right;">Page 227</p> <p>1 THE WITNESS: We used the 2 information that was available to 3 us in our systems to review orders 4 and identify orders of interest 5 that were potentially suspicious. 6 BY MR. BUCHANAN: 7 Q. Okay. Which means you 8 didn't do it? 9 MS. VANNI: Object to form. 10 THE WITNESS: I answered 11 your question. 12 BY MR. BUCHANAN: 13 Q. Right. Because you didn't 14 have a statistically based model in 2010, 15 correct? Correct? 16 A. We reviewed the information 17 that was available on the historical 18 pattern of orders and quantities to make 19 a determination as to whether or not an 20 order was deemed of interest and 21 potentially suspicious, which is what 22 we're required to do under the 23 regulations. 24 Q. You did not -- my -- it's a</p>	<p style="text-align: right;">Page 229</p> <p>1 A. SOMs is an evolving 2 landscape. 3 Q. Is that what they wrote, 4 sir? 5 You'll have a chance to give 6 speeches and stuff with counsel, and do 7 whatever you guys need to do. 8 For my examination, is that 9 what they wrote? 10 MS. VANNI: Objection to 11 colloquy and arguing with the 12 witness. 13 THE WITNESS: What specific 14 part of the document are you 15 referring to? Let's go back and 16 look at it. 17 MS. VANNI: I'm going to 18 need a lunch break soon. We've 19 been going over an hour and a 20 half. 21 MR. BUCHANAN: I -- I 22 understand that and I -- I 23 certainly would not have 24 anticipated this kind of fuss on</p>

<p style="text-align: right;">Page 230</p> <p>1 this point.</p> <p>2 BY MR. BUCHANAN:</p> <p>3 Q. Okay. Let's go to 11.</p> <p>4 A. Page 11?</p> <p>5 Q. I'm sorry, Exhibit 11,</p> <p>6 E-1056.10.</p> <p>7 A. Oh, I'm sorry. Back in the</p> <p>8 other one.</p> <p>9 Q. At the bottom it states,</p> <p>10 "Although it was stated that sales are</p> <p>11 mainly to large wholesalers, a program</p> <p>12 must be instituted based on customer</p> <p>13 sales volume, seasonal fluctuations, et</p> <p>14 cetera, with a firm statistical analysis</p> <p>15 as the basis for such a program."</p> <p>16 Did I read that correctly?</p> <p>17 A. You read it correctly.</p> <p>18 Q. Let's go to 2015, sir.</p> <p>19 Exhibit 14.</p> <p>20 Let's go to -- this is the</p> <p>21 five-year refresh with Cegedim Dendrite</p> <p>22 and Mr. Buzzeo, a DEA consultant called</p> <p>23 in, who looks, after several days, at</p> <p>24 your SOM process. And writes, "It's</p>	<p style="text-align: right;">Page 232</p> <p>1 under oath?</p> <p>2 A. I do.</p> <p>3 Q. Okay. We were looking at</p> <p>4 Exhibit 14 before the break. To orient</p> <p>5 ourselves and the jury it's E-1072 on the</p> <p>6 screen.</p> <p>7 This was the distribution of</p> <p>8 a report by Angela Feniger. I think you</p> <p>9 talked about her from Par, DEA</p> <p>10 compliance, July 2015, to a team of folks</p> <p>11 following the Buzzeo PDMA DEA audit which</p> <p>12 occurred over three days in 2015.</p> <p>13 Do you see that?</p> <p>14 A. I see that.</p> <p>15 Q. Okay. Just to orient you,</p> <p>16 sir, we were talking about some of the</p> <p>17 findings. Let's start at 1072.4.</p> <p>18 We looked at a portion of</p> <p>19 the report before lunch, but I'll just</p> <p>20 orient us on the letter. Second to last</p> <p>21 paragraph reads, "Findings and</p> <p>22 recommendations in this report are</p> <p>23 offered as consistent with DEA</p> <p>24 regulations and industry best practice</p>
<p style="text-align: right;">Page 231</p> <p>1 recommended that you improve your SOM</p> <p>2 program with a defensible statistical SOM</p> <p>3 model."</p> <p>4 That's 1072.24. Do you see</p> <p>5 that, sir?</p> <p>6 A. I see that.</p> <p>7 Q. Thank you.</p> <p>8 MR. BUCHANAN: We can take a</p> <p>9 break.</p> <p>10 THE VIDEOGRAPHER: Off the</p> <p>11 record at 12:09 p.m.</p> <p>12 - - -</p> <p>13 (Lunch break.)</p> <p>14 - - -</p> <p>15 A F T E R N O O N S E S S I O N</p> <p>16 - - -</p> <p>17 THE VIDEOGRAPHER: We are</p> <p>18 back on the record at 12:58 p.m.</p> <p>19 - - -</p> <p>20 E X A M I N A T I O N (Cont'd.)</p> <p>21 - - -</p> <p>22 BY MR. BUCHANAN:</p> <p>23 Q. All right, sir, welcome</p> <p>24 back. Do you understand you're still</p>	<p style="text-align: right;">Page 233</p> <p>1 for enhanced regulatory compliance for</p> <p>2 those areas reviewed."</p> <p>3 Did I read that correctly?</p> <p>4 A. You did.</p> <p>5 Q. All right. Let's go on</p> <p>6 to -- we spent some time, and I'll</p> <p>7 characterize it, a little bit of a fuss</p> <p>8 before lunch, talking about the review of</p> <p>9 the suspicious order monitoring system at</p> <p>10 .23.</p> <p>11 Do you recall our discussion</p> <p>12 before lunch?</p> <p>13 A. I do.</p> <p>14 Q. Okay. And let's look at the</p> <p>15 last bullet again. "The SOP does not</p> <p>16 contain instructions for reporting</p> <p>17 suspicious orders. Instead, there is a</p> <p>18 section which is bolded which states that</p> <p>19 criminal activities will be reported to</p> <p>20 federal and state agencies, including the</p> <p>21 Food and Drug Administration and the</p> <p>22 board of pharmacy within three days."</p> <p>23 Do you see that, sir?</p> <p>24 A. I see that.</p>

<p style="text-align: right;">Page 234</p> <p>1 Q. And I -- didn't I read it 2 correctly that says, "The SOP does not 3 contain instructions for reporting 4 suspicious orders," correct? 5 A. That's what Buzzeo is 6 stating here, yes. 7 Q. Okay. We looked at .24 8 where the Buzzeo folks said that "your 9 suspicious order monitoring protocol may 10 be difficult to defend to the DEA." 11 Do you recall that? 12 Review findings and 13 recommendations. Do you see that 14 portion, sir? 15 A. I do. 16 Q. And they again noted, "It 17 may be difficult to explain and defend 18 during a DEA review," correct? 19 A. That's what they say, yes. 20 Q. That's with regard to Par's 21 current SOM system as it currently 22 operates, correct? 23 A. That's what it says. 24 Q. Okay. All right. Now let's</p>	<p style="text-align: right;">Page 236</p> <p>1 ourselves, this is a report that was 2 prepared by the Buzzeo folks and sent to 3 you guys, right, Par Pharmaceutical? 4 A. Right. 5 Q. Okay. Review of standard 6 operating procedures. Can you scroll 7 down, please. 8 And it highlights, "The 9 following Par Pharmaceutical SOPs were 10 selected for the consultants for review." 11 And let's pause up top. 12 "Suspicious order 13 monitoring, SOM number," and then it says 14 SO002.1. 15 Do you see that? 16 A. I see that. 17 Q. Do you recollect that 18 number, sir, as being the -- the SOM -- 19 excuse me, the SOP version and number for 20 the suspicious order monitoring protocol 21 we looked at from, I believe it was 22 October 2012? 23 A. I do. 24 Q. Okay. So does that indeed</p>
<p style="text-align: right;">Page 235</p> <p>1 move forward to -- I guess there's a 2 separate section here. It was a specific 3 review of the company's SOP. 4 I'll take you back to .39. 5 It's on the screen for your convenience 6 as well, sir. 7 This is another letter from 8 Mr. Buzzeo to Mr. Barbarite. And it's 9 reviewing standard operating procedures, 10 including the suspicious order monitoring 11 SOP, SOP. 12 Do you see that, sir? 13 A. Yeah, if I can just take a 14 quick look at that. 15 Q. Sure. That's fine. 16 And I can tell you quickly, 17 I'm going to take you to .40, the next 18 page for my next question. 19 A. Okay. 20 Q. Okay. So at the top of 21 Page .40, it says, "Par Pharmaceutical 22 Inc. review of standard operating 23 procedures." 24 And just to orient</p>	<p style="text-align: right;">Page 237</p> <p>1 indicate to you, sir, that the 2 October 2012 SOM was the current SOM as 3 of the time of this review in mid 2015 by 4 your consultants? 5 A. That's the one they are 6 reviewing. 7 Q. Okay. And the jury will 8 have this document, but it certainly 9 identifies deficiencies and other issues 10 with regard to the SOP. 11 But I want to direct your 12 attention to the next page, .41. 13 Could you turn the page, 14 please, sir? 15 MS. VANNI: Object to form. 16 BY MR. BUCHANAN: 17 Q. Are you on the other page? 18 A. 41? 19 Q. Yes. 20 "As noted, the entire 21 approach" -- it's the first full 22 paragraph. Do you see that? 23 A. I see that. 24 Q. "As noted, the entire</p>

<p style="text-align: right;">Page 238</p> <p>1 approach to SOM should be evaluated. 2 However, the requirement to report 3 suspicious criminal activity rather than 4 suspicious orders should be corrected as 5 soon as possible, since it misses the 6 point of the regulations." 7 Did I read that correctly, 8 sir? 9 A. That's what it says. 10 Q. And you had this information 11 certainly within the walls of Par 12 certainly by mid 2015, right? 13 MS. VANNI: Object to form. 14 THE WITNESS: We had what 15 information? We had this report? 16 BY MR. BUCHANAN: 17 Q. Yeah, you had the analysis 18 of your SOP from the consultants 19 internally by mid 2015, correct? 20 A. Yes. That's when we had the 21 report. 22 Q. Okay. And then it states, 23 "Suspicious orders should be reported as 24 soon as they are identified."</p>	<p style="text-align: right;">Page 240</p> <p>1 BY MR. BUCHANAN: 2 Q. Yeah. And so the merger 3 happens when, sir? 4 A. I believe the transaction 5 completed some time in late 2015. 6 Q. Yeah. And for -- 7 A. I don't have the exact date. 8 Q. For a period of time 9 thereafter, the company -- well, the 10 companies tried to integrate and do 11 things -- the Par business continued to 12 remain within the Par line for some 13 period of time, and the Qualitest 14 functions continued to maintain in the 15 Qualitest functions until an integration 16 could be complete? 17 MS. VANNI: Object to form. 18 THE WITNESS: Well, you 19 being various integration -- 20 integration activities that 21 carried through that time period. 22 MR. BUCHANAN: Can I have 23 1840, please. 24</p>
<p style="text-align: right;">Page 239</p> <p>1 Did I read that correctly? 2 A. You read that correctly. 3 Q. Okay. And, in fact, sir, 4 you continued to work with this same SOP 5 for another year, right? 6 MS. VANNI: Object to form. 7 THE WITNESS: We continued 8 to work with this SOP. 9 BY MR. BUCHANAN: 10 Q. This SOP that has been 11 evaluated and criticized and commented on 12 by your consultants in 2015, Par 13 continued to use as its SOP for its 14 suspicious order monitoring for another 15 year, correct? 16 A. At some point -- 17 Q. At least? 18 MS. VANNI: Object to form. 19 THE WITNESS: At some point, 20 once we completed the transaction, 21 we essentially merged all of the 22 Par products into the Qualitest 23 program. 24</p>	<p style="text-align: right;">Page 241</p> <p>1 BY MR. BUCHANAN: 2 Q. Okay. Passing to you what 3 we're marking as Exhibit 15. 4 (Document marked for 5 identification as Exhibit 6 Endo-Macrides-15.) 7 BY MR. BUCHANAN: 8 Q. And Exhibit 15 is an e-mail 9 exchange, if we start at bottom up, which 10 would be on the second page, sir, 1840.2. 11 We see an e-mail from Jaydeep Shukla to 12 Jessica Clark and others. 13 Do you see that? 14 A. Yes. 15 Q. Jaydeep Shukla, do you know 16 who that is? 17 A. She was a -- actually, I 18 think it's a he. I apologize. Works in 19 the DEA compliance group within Par. 20 Q. Okay. Are you getting that 21 just from the e-mail signature, or did 22 you -- 23 A. No, no. I know who this 24 person is.</p>

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1 Q. Okay. Okay. Fair. There's
2 a question that's being sent. Was
3 Jaydeep part of the former organization
4 of Par or the former organization of
5 Qualitest?
6 A. Former organization of Par.
7 Q. Okay. So Jaydeep was asking
8 her colleague? Or his colleague?
9 A. Jaydeep is a he.
10 Q. Thank you. Is asking his
11 colleague, Ms. Clark, what SOP they are
12 using to do suspicious order monitoring,
13 correct?
14 A. "Is your group evaluating
15 controlled substance orders as per
16 SOP" -- yeah. He appears to be trying to
17 confirm that.
18 Q. Okay. And the response that
19 he gets in April of 2016, so about a year
20 after the last Buzzeo audit is, "Yes, we
21 evaluate controlled substance orders
22 based on customer provided usage and/or
23 customer typical purchase patterns."
24 Did I read that correctly?

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1 A. That's what she says.
2 Q. And the customer provided
3 usage, that is what was reflected in the
4 SOP that we spent some time on before the
5 lunch break, SOP SO002, correct?
6 A. Correct.
7 Q. Okay. And in fact that SOP
8 number that we referenced there, SOP
9 SO002, is one that was the subject of the
10 comments and criticisms of the Buzzeo
11 group a year earlier, correct?
12 MS. VANNI: Object to form.
13 THE WITNESS: Are we talking
14 about 002.1? Because that would
15 have been the SOP that would have
16 been in place at this time.
17 BY MR. BUCHANAN:
18 Q. I think, sir, that that's
19 where some confusion exists. But the --
20 I'll ask your testimony -- I should not
21 testify for you.
22 It looks like the attachment
23 to that e-mail. The attachment to the
24 e-mail that we're looking at, sir, is

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1 actually from Ms. Clark's later e-mail of
2 October 25, 2016.
3 Do you see that?
4 A. Right.
5 Q. And so she's forwarding
6 along two SOPs that she's directing
7 should then be retired.
8 Do you see that?
9 A. Yeah. So we would have been
10 in the integration process at this point.
11 Q. And that's what I wanted to
12 confirm with you.
13 So prior to October 25,
14 2016, or some time, I guess it would be
15 fair to say, Jaydeep Shukla sends her --
16 his e-mails in April 2016 saying, "Are we
17 still using SOP SO002," from which he
18 gets a reply from Ms. Clark, "Yes, we
19 are." That's as of April 2016, correct?
20 A. Correct.
21 Q. And then we have the
22 ultimate response -- later response from
23 Ms. Clark some five or six months later,
24 "It's time to retire those SOPs,"

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1 correct?
2 A. Yes.
3 MS. VANNI: Object to form.
4 THE WITNESS: We would have
5 retired those SOPs because the
6 legacy Qualitest SOPs would have
7 now covered those products.
8 BY MR. BUCHANAN:
9 Q. And thank you, sir, for
10 anticipating where I'm going.
11 So, basically, the SOP
12 structure for the Par operations would
13 have been under the no written SOP
14 framework from 2010 to 2012, correct?
15 MS. VANNI: Object to form.
16 THE WITNESS: We would have
17 been reviewing orders even though
18 we didn't have a specific SOP
19 entitled "Suspicious Order
20 Monitoring," we would have been
21 looking at orders for excessive
22 quantities and determining if any
23 order -- if an order was deemed
24 suspicious, then we would have

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1 taken the appropriate steps.
2 MR. BUCHANAN: I'll move to
3 strike.
4 BY MR. BUCHANAN:
5 Q. I just want to be precise on
6 this. Between 2010 and 2012 there was no
7 SOP for suspicious order monitoring,
8 correct?
9 A. There was no SOP entitled
10 "Suspicious Order Monitoring."
11 Q. Okay. Are you aware of
12 another SOP of Par that provided a
13 suspicious order monitoring function
14 between 2010 and 2012?
15 A. I'm not aware of one.
16 Q. Okay. Thank you.
17 A. However that doesn't mean
18 that we weren't reviewing orders.
19 Q. My question was tied to the
20 SOP, sir, as guided by the Buzzeo group
21 in 2010.
22 You were not aware of an
23 SOP, whether titled "Suspicious Order
24 Monitoring," "SOMs," or something else,

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1 that memorialized the company's practices
2 with regard to suspicious order
3 monitoring between 2010 and 2012,
4 correct?
5 MS. VANNI: Objection.
6 Asked and answered.
7 THE WITNESS: I'm not aware
8 of an SOP.
9 BY MR. BUCHANAN:
10 Q. Thank you.
11 A. But we do not have SOPs to
12 cover all of our procedures.
13 Q. Understood. You're not
14 aware of a policy or procedure -- you're
15 not aware of a written document that sets
16 forth policy -- excuse me.
17 You're not aware of a
18 written document under any name, standard
19 operating procedure, guideline, some
20 other title, by which Par was operating,
21 that memorializes what their guidance was
22 to their employees between 2010 and 2012,
23 correct?
24 MS. VANNI: Object to form.

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1 THE WITNESS: I'm not aware
2 of a document that formalizes or
3 in writing defines how we were
4 reviewing orders during that time
5 frame.
6 BY MR. BUCHANAN:
7 Q. Between 2012 and 2016, we've
8 identified the SOP, SO002 suspicious
9 order monitoring document that was a
10 discussion of the Buzzeo 2015 audit,
11 correct?
12 A. I think we've identified
13 SOP --
14 Q. .0?
15 A. .0 and .1.
16 Q. Right. So between 2012 and
17 2016 to the point of its retirement as an
18 SOP, that was the written SOP that
19 governed the conduct of Par's suspicious
20 order monitoring program, correct, sir?
21 A. That appears to be the SOP
22 that was in place during that time frame.
23 Q. And then you alluded to the
24 fact that Par was acquired by Qualitest

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1 in 2016 -- 2015 right at the time --
2 A. Par was acquired by Endo.
3 Q. Pardon?
4 A. Par was acquired by Endo.
5 Q. Thank you. Par was acquired
6 by Endo, but the operations of the
7 generic components of prior Endo are
8 merged with the operations of Par,
9 correct?
10 A. That's correct.
11 Q. That doesn't happen in a
12 day, it happens over some period of time,
13 correct?
14 A. Different parts move quicker
15 than others, but it happens over a period
16 of time.
17 Q. Okay. And so ultimately by,
18 it looks like late 2016, the Qualitest
19 organization assumes responsibility for
20 suspicious order monitoring for Par
21 sales, fair?
22 MS. VANNI: Object to form.
23 THE WITNESS: For all
24 generic sales.

<p style="text-align: right;">Page 250</p> <p>1 BY MR. BUCHANAN:</p> <p>2 Q. Including the prior Par</p> <p>3 products?</p> <p>4 A. That's correct.</p> <p>5 Q. Thank you.</p> <p>6 Okay. So let's talk a</p> <p>7 little about Qualitest, then.</p> <p>8 A. Okay.</p> <p>9 Q. I'm just going to keep my</p> <p>10 stacks clean.</p> <p>11 MR. BUCHANAN: Can you get</p> <p>12 that ready for me?</p> <p>13 BY MR. BUCHANAN:</p> <p>14 Q. Before we move into talking</p> <p>15 in detail about Qualitest, can you pull</p> <p>16 up Exhibit 4, please.</p> <p>17 We spent some time looking</p> <p>18 at this briefly at the outset. This is,</p> <p>19 to reorient yourself, sir, this is</p> <p>20 Exhibit 4. It's -- looks like it's to</p> <p>21 your right.</p> <p>22 Yeah. This is a chart of</p> <p>23 the -- the Endo sales of</p> <p>24 opioid-containing products over the</p>	<p style="text-align: right;">Page 252</p> <p>1 Q. We see on the right, sales</p> <p>2 and units, pills or doses, for those</p> <p>3 various products, correct, sir?</p> <p>4 A. Right.</p> <p>5 Q. And we're looking at what,</p> <p>6 about eight billion pills over the years</p> <p>7 for Endo?</p> <p>8 MS. VANNI: Object to form.</p> <p>9 THE WITNESS: Over 18 years,</p> <p>10 eight billion pills over 18 years</p> <p>11 which is about 440,000 a year I</p> <p>12 believe, if I did my math right.</p> <p>13 BY MR. BUCHANAN:</p> <p>14 Q. 440,000?</p> <p>15 A. 440 million, I'm sorry.</p> <p>16 Q. Yeah, 440 million, right.</p> <p>17 We looked at Par's.</p> <p>18 MR. BUCHANAN: Can I go to</p> <p>19 Exhibit 5, please.</p> <p>20 BY MR. BUCHANAN:</p> <p>21 Q. So we've got about eight</p> <p>22 billion on Endo.</p> <p>23 For Par...</p> <p>24 MR. BUCHANAN: Can you do</p>
<p style="text-align: right;">Page 251</p> <p>1 years.</p> <p>2 Do you see that?</p> <p>3 A. I do.</p> <p>4 Q. Now, I'll represent to you,</p> <p>5 sir, the yellow-shaded columns indicate</p> <p>6 that in the data that was provided to us</p> <p>7 by counsel, we don't know the size of the</p> <p>8 unit. We don't know whether it's</p> <p>9 100-count bottle. We don't know if it's</p> <p>10 a, you know, one pint, whatever. Those</p> <p>11 are just units in the yellow so you</p> <p>12 understand why there's a different</p> <p>13 shading there.</p> <p>14 But fair to say --</p> <p>15 MR. BUCHANAN: And could you</p> <p>16 just blow up the -- the far right</p> <p>17 column and the far left column,</p> <p>18 please.</p> <p>19 BY MR. BUCHANAN:</p> <p>20 Q. We see in the left column,</p> <p>21 Endo's product portfolio of opioid</p> <p>22 containing products over the years,</p> <p>23 correct?</p> <p>24 A. Correct.</p>	<p style="text-align: right;">Page 253</p> <p>1 the same thing, please, and blow up the</p> <p>2 left and the right. Thank you.</p> <p>3 BY MR. BUCHANAN:</p> <p>4 Q. Par, through the data</p> <p>5 provided to us, is pushing out, you know,</p> <p>6 seven to eight billion pills and units of</p> <p>7 opioid-containing products over its 2010</p> <p>8 to 2018 year, correct?</p> <p>9 MS. VANNI: Object to form.</p> <p>10 THE WITNESS: Par is</p> <p>11 manufacturing and distributing</p> <p>12 these quantities based on orders</p> <p>13 from customers based on orders</p> <p>14 from patients. And this includes</p> <p>15 the --</p> <p>16 BY MR. BUCHANAN:</p> <p>17 Q. You understand patients --</p> <p>18 A. This includes the Qualitest</p> <p>19 portfolio as well.</p> <p>20 Q. Yeah, it's an -- it's an</p> <p>21 interesting point you're making, sir. I</p> <p>22 don't know how to draw that out, because</p> <p>23 the way it was produced to us is this is</p> <p>24 Par data. And I will show you Qualitest</p>

<p style="text-align: right;">Page 254</p> <p>1 data in a moment. 2 A. Sure. 3 Q. Okay. But the data as 4 produced to us does include data for the 5 year 2016, '17, and '18. 6 But the aggregate for Par, 7 obviously includes post-merger sales as 8 well, correct? 9 A. It would. 10 Q. Okay. We're looking at 11 seven to eight billion pills and dosing 12 units over the 2010 to 2018 period for 13 Par, correct? 14 A. That's what it says here. 15 Q. Okay. All right. Let's 16 take now a look at Qualitest. 17 (Document marked for 18 identification as Exhibit 19 Endo-Macrides-16.) 20 BY MR. BUCHANAN: 21 Q. Sir, passing you what's -- 22 what we're marking as Exhibit 6. 23 Again, as in the last case, 24 sir, Exhibit 6 is the summary chart.</p>	<p style="text-align: right;">Page 256</p> <p>1 But looking at Exhibit 6. 2 MR. BUCHANAN: And pulling 3 up 1810 on the screen, please. 4 BY MR. BUCHANAN: 5 Q. Qualitest data was produced 6 to us only from 2008 to 2015. So our 7 chart here starts at 2008. 8 It is my understanding, sir, 9 is it yours, that Qualitest was in the 10 business of making opioids well before 11 2008? 12 MS. VANNI: Object to form. 13 THE WITNESS: I can't speak 14 to Qualitest prior to 2007. That 15 was a different company. 16 I can tell you that we would 17 have been distributing opioids in 18 2007. I can't speak to prior to 19 2007. 20 BY MR. BUCHANAN: 21 Q. Obviously the -- the entity 22 was bought by, is it Apax Partners or -- 23 do you -- do you know who the predecessor 24 entity was before Endo bought Qualitest?</p>
<p style="text-align: right;">Page 255</p> <p>1 MS. VANNI: Thank you. 2 MR. BUCHANAN: Can I 3 actually have the underlying 4 schedule that was provided to us 5 by defense counsel? 6 BY MR. BUCHANAN: 7 Q. I say provided to us by 8 defense counsel. The -- this was the 9 data that was identified by Par as its 10 sales and shipments of opioid-containing 11 products over the years. 12 A. So this data is this -- 13 Q. Yeah. It's -- it's just 14 collapsed down so that you can see it. 15 A. Thank you. 16 Q. On a sheet. 17 MR. BUCHANAN: What did we 18 call this? Exhibit 6. 19 BY MR. BUCHANAN: 20 Q. Okay. So let's now look at 21 Exhibit 6. And feel free to reference 22 Exhibit 16 which is the underlying data, 23 if you need to. To me it's easier to 24 look at Exhibit 6.</p>	<p style="text-align: right;">Page 257</p> <p>1 A. I believe it was a company 2 called Apax. 3 Q. Right. And they bought an 4 established business in late 2007 that 5 continued to do business as Qualitest, 6 correct? 7 MS. VANNI: Object to form. 8 THE WITNESS: The company 9 that Endo purchased did business 10 as Qualitest. 11 BY MR. BUCHANAN: 12 Q. And the company that Endo 13 purchased it bought from Apax, correct? 14 A. That is my understanding. 15 Q. Apax is a private equity 16 firm? 17 A. That is my understanding. 18 Q. Apax bought the company in 19 2007, gussied it up and flipped it off to 20 Endo in 2010. 21 MS. VANNI: Object to form. 22 THE WITNESS: I don't really 23 know much about Apax' operating 24 philosophy. I just know that they</p>

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1 owned the company and then sold it
2 to Endo.
3 BY MR. BUCHANAN:
4 Q. Okay. Well, and I guess the
5 relevant point for us, sir, is that the
6 entity that Apax bought in 2007 had been
7 in the opioid business for years, right?
8 A. I can't really speak to
9 anything prior to 2007. I -- I
10 believe -- I believe that Endo bought
11 different legal entities than what was
12 being operated prior to 2007.
13 But I don't have specific
14 knowledge about the legal entity
15 structure of those companies.
16 Q. Okay. Let's -- let's take a
17 short fork in the road just so we can
18 make sure the record is clear.
19 MR. BUCHANAN: Could I have
20 1813, please. I think that's one
21 of my -- there we go.
22 What's this going to be next
23 in order, 17?
24 (Document marked for

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1 identification as Exhibit
2 Endo-Macrides-17.)
3 BY MR. BUCHANAN:
4 Q. There you are, sir. Passing
5 you what's been marked as Exhibit 17 to
6 your deposition. It's an e-mail between
7 Paul Evans and Jeremy Tatum. Do you know
8 Paul?
9 A. I do not know Paul Evans.
10 Q. Do you know Mr. Tatum?
11 A. I do know Jeremy Tatum.
12 Q. Who's Mr. Tatum?
13 A. Jeremy Tatum was involved in
14 the commercial organization within
15 Qualitest.
16 Q. Okay. Well, let's -- we are
17 looking at a Par document here from 2010.
18 Let's go to -- there's an e-mail between
19 them, Mr. Evans and Mr. Tatum on May 27,
20 2010. "Qualitest overview for business
21 development."
22 Let's go to 1813.3, company
23 overview.
24 "Qualitest is a U.S.-based

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1 pharmaceutical company focused on the
2 development, manufacture, sale and
3 distribution of high quality, low cost
4 generic pharmaceutical products."
5 Do you see that?
6 A. I see that.
7 Q. And that's true as far as
8 you understand, as of 2010, correct, sir?
9 A. That's my understanding.
10 Q. Okay. In fact, they say
11 they are a leading developer, going to
12 1813.4, correct? "A leading developer,
13 manufacturer and marketer of prescription
14 generic pharmaceutical products,"
15 correct?
16 A. That's what it says here.
17 Q. And you agree with that as
18 of that point in time, correct, sir?
19 A. I agree that Qualitest
20 developed, manufactured and marketed
21 prescriptions and generic pharmaceuticals
22 products. The word "leading" is somebody
23 else's word, but it's not my word.
24 Q. Okay. Well, it's certainly

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1 from -- from one senior guy to another
2 senior guy, right?
3 MS. VANNI: Object to form.
4 BY MR. BUCHANAN:
5 Q. Mr. Evans was the VP of
6 business development who's sending this
7 along?
8 A. That's what his title says.
9 Q. Okay. So from one senior
10 guy to another senior guy, fair?
11 MS. VANNI: Object to form.
12 THE WITNESS: It's a
13 communication between two people
14 with a document with some
15 information about Qualitest.
16 BY MR. BUCHANAN:
17 Q. And Qualitest's business was
18 focused on controlled substances, right?
19 MS. VANNI: Object to form.
20 BY MR. BUCHANAN:
21 Q. Do you see that in the
22 middle? It says, "Focused on controlled
23 substances and developing a broad line of
24 OCs."

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1 Do you see that?

2 A. "Focused on controlled

3 substance and developing a broad line of

4 OCs."

5 That's what it says.

6 Q. Okay. And so you

7 understand, sir, that over time,

8 Qualitest started to get into the oral

9 contraceptive market?

10 A. I understand that.

11 Q. Okay. Started to develop --

12 expand into oral contraceptives, right?

13 MS. VANNI: Objection as

14 beyond the scope. Go ahead.

15 BY MR. BUCHANAN:

16 Q. I just want to know --

17 that's what we are talking about with

18 OCs, right?

19 A. Qualitest expanded into oral

20 contraceptives.

21 Q. The jury might see OxyContin

22 or oxycodone as OC. I just didn't want

23 to sew confusion with that.

24 So as I understood that

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1 reference, it was referring to oral

2 contraceptives?

3 A. That's my understanding as

4 well.

5 Q. Right. And at this point in

6 time, Qualitest was developing a new line

7 in trying to grow its oral contraceptive

8 business, right?

9 MS. VANNI: Object to form.

10 THE WITNESS: As I

11 understand it, they -- they had a

12 desire to move into that business.

13 BY MR. BUCHANAN:

14 Q. Right. But their -- the

15 real focus as of that point in time was

16 controlled substances, right?

17 MS. VANNI: Object to form.

18 THE WITNESS: That's what

19 this document says.

20 BY MR. BUCHANAN:

21 Q. So let's go to 1813.5.

22 This is the history of the

23 fifth largest U.S. generics company.

24 A. Oh, I'm sorry.

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1 Q. Which you understand is

2 Qualitest as of this point in time,

3 correct?

4 A. It says here that, "History

5 of the fifth largest U.S. generics

6 company."

7 Q. Founded in 1983 with who?

8 A. "Founded as a generic

9 product distribution, joint venture with

10 Kmart."

11 Q. Kmart. As in the store?

12 MS. VANNI: Object to form.

13 THE WITNESS: I can't

14 speak --

15 MS. VANNI: And beyond the

16 scope of his 30(b)(6).

17 THE WITNESS: -- to this.

18 That's 1983. I don't know.

19 BY MR. BUCHANAN:

20 Q. Okay. Founded as a generic

21 product distribution JV with Kmart 1983.

22 And it kind of runs through the history

23 of Qualitest through the years.

24 So Qualitest has a history

Page 265

1 that goes back to the early '80s,

2 according to the VP of business

3 development for Qualitest, correct?

4 A. According to what it says

5 here.

6 Q. Sure. It says it was

7 acquired by Apax Funds in 2007, right?

8 A. Acquisition by Apax Funds,

9 2007.

10 Q. Right. Then it was just the

11 seventh largest generic company, right?

12 A. That's what they say here.

13 Q. And then in three years, as

14 I say, they gussied up a little bit, grew

15 the business. And by 2010 you were the

16 fifth largest generic company; isn't that

17 right?

18 MS. VANNI: Object to form.

19 THE WITNESS: That's what it

20 says here.

21 BY MR. BUCHANAN:

22 Q. Talking about how the

23 revenue had grown in 2009 to over 300

24 million, right? That's what it says,

<p style="text-align: right;">Page 266</p> <p>1 right?</p> <p>2 A. Yeah.</p> <p>3 Q. I mean, opioids, which</p> <p>4 Qualitest was focused on, were good for</p> <p>5 business, right?</p> <p>6 MS. VANNI: Object to form.</p> <p>7 THE WITNESS: Opioids were</p> <p>8 products that people with severe</p> <p>9 pain needed.</p> <p>10 BY MR. BUCHANAN:</p> <p>11 Q. And we saw how those colors</p> <p>12 changed over the years in terms of, as</p> <p>13 sales increased, how the body count</p> <p>14 increased in this country. Do you recall</p> <p>15 us looking at that, sir, with those maps</p> <p>16 of the CDC?</p> <p>17 MS. VANNI: Objection.</p> <p>18 THE WITNESS: I recall</p> <p>19 looking at the color-coded maps.</p> <p>20 BY MR. BUCHANAN:</p> <p>21 Q. You agree that the rate of</p> <p>22 deaths due to opioid use increased over</p> <p>23 the years?</p> <p>24 MS. VANNI: Objection.</p>	<p style="text-align: right;">Page 268</p> <p>1 sir?</p> <p>2 A. That is what they say here.</p> <p>3 Q. When you say "they," you're</p> <p>4 referring to the vice president of</p> <p>5 business development for Qualitest,</p> <p>6 right, on a Qualitest PowerPoint that</p> <p>7 says Qualitest Pharmaceuticals at the</p> <p>8 bottom, right?</p> <p>9 MS. VANNI: Objection. Lack</p> <p>10 of foundation.</p> <p>11 THE WITNESS: Yes, this is a</p> <p>12 document that describes</p> <p>13 Qualitest's business.</p> <p>14 BY MR. BUCHANAN:</p> <p>15 Q. And the way Qualitest is</p> <p>16 describing itself to others, is a leading</p> <p>17 manufacturer of controlled substances in</p> <p>18 the United States, right, in 2010?</p> <p>19 A. That's what it says here.</p> <p>20 Q. 43 percent of total revenues</p> <p>21 for this company in 2009 are for</p> <p>22 controlled substances, correct, sir?</p> <p>23 A. Controlled substances across</p> <p>24 all scheduled categories, Schedule II</p>
<p style="text-align: right;">Page 267</p> <p>1 BY MR. BUCHANAN:</p> <p>2 Q. Steadily from 2000 to 2016?</p> <p>3 MS. VANNI: Objection.</p> <p>4 THE WITNESS: I can't</p> <p>5 interpret those -- those graphs</p> <p>6 and I don't believe it said</p> <p>7 anywhere on there that it was</p> <p>8 specific to opioid abuse.</p> <p>9 BY MR. BUCHANAN:</p> <p>10 Q. Okay. Let's look at 1813.9.</p> <p>11 "Diversified portfolio of specialty</p> <p>12 generics positioned in" -- what does that</p> <p>13 say -- "attractive product categories."</p> <p>14 A. "Attractive product</p> <p>15 categories." That's what it says.</p> <p>16 Q. And the first one listed on</p> <p>17 the left is what?</p> <p>18 A. It says controlled</p> <p>19 substances.</p> <p>20 Q. Okay. As an attractive</p> <p>21 product category. It states, "Leading</p> <p>22 manufacturer of controlled substances in</p> <p>23 the United States."</p> <p>24 Did I read that correctly,</p>	<p style="text-align: right;">Page 269</p> <p>1 through Schedule V. And certainly a</p> <p>2 pharmaceutical company is in the business</p> <p>3 to provide products to patients who need</p> <p>4 them. So when we -- when we say</p> <p>5 attractive product category, we're</p> <p>6 defining that as where the patient need</p> <p>7 is because we are in the business of</p> <p>8 supplying these products to patients who</p> <p>9 need them.</p> <p>10 Q. It looks like you're really</p> <p>11 defining attractive product category</p> <p>12 here, sir, by how much money you make,</p> <p>13 right?</p> <p>14 MS. VANNI: Object to form.</p> <p>15 BY MR. BUCHANAN:</p> <p>16 Q. Isn't that how you define</p> <p>17 attractive, by how much money you make?</p> <p>18 MS. VANNI: Objection.</p> <p>19 THE WITNESS: Our mission as</p> <p>20 a pharmaceutical company is to</p> <p>21 provide products to patients who</p> <p>22 need them.</p> <p>23 BY MR. BUCHANAN:</p> <p>24 Q. I don't see any of that on</p>

<p style="text-align: right;">Page 270</p> <p>1 this page about attractive product 2 categories, sir. I see you talking about 3 dollars. 4 Would you agree with me 5 that's what you're talking about on this 6 page, not the speech you're starting to 7 provide or have been providing about 8 that? 9 MS. VANNI: Object to form. 10 BY MR. BUCHANAN: 11 Q. Do you agree with me? 12 MS. VANNI: Same objection. 13 THE WITNESS: I don't agree 14 with your characterization. This 15 doc -- 16 BY MR. BUCHANAN: 17 Q. Let's take a look. 18 A. -- this document is a 19 business development document prepared 20 most likely to market Qualitest to 21 potential buyers. 22 Q. And so what we have here, 23 Qualitest in 2010, talking about itself, 24 how it's positioned in attractive product</p>	<p style="text-align: right;">Page 272</p> <p>1 abused and diverted. Endo's trade name. 2 Their products being abused and diverted 3 as reported by the DEA. 4 You saw that, correct? 5 MS. VANNI: Object to form. 6 THE WITNESS: I saw that in 7 the DEA communication. 8 BY MR. BUCHANAN: 9 Q. All right. Well, let's look 10 at this. 11 43 percent of total revenues 12 in 2009 under controlled substances. 13 Top three products by 14 revenue. 15 Again, we are talking -- and 16 the company presenting its business here, 17 is presenting it in terms of revenue, 18 right? 19 A. As I said, this is a 20 business development document. This -- 21 Q. Is that how it's presenting 22 itself, with revenue? 23 A. That's what it says here. 24 Q. Thank you.</p>
<p style="text-align: right;">Page 271</p> <p>1 categories. Category 1, controlled 2 substances, correct? 3 Do you see that? 4 A. That's what it says. 5 Q. Leading manufacturer of 6 controlled substances in the United 7 States at a point when people are getting 8 addicted more, people are dying more, 9 people are entering treatment more than 10 they ever have before. 11 And that's your attractive 12 product category, correct? 13 MS. VANNI: Objection. 14 THE WITNESS: These products 15 were being supplied to patients 16 who are in pain, who need pain 17 management. 18 We had programs, processes, 19 and procedures in place to prevent 20 the diversion and abuse of these 21 products. 22 BY MR. BUCHANAN: 23 Q. We saw all the way back in 24 2003, sir, Percodan, Percocet being</p>	<p style="text-align: right;">Page 273</p> <p>1 Top three products by 2 revenue. Number one, controlled 3 substance. 4 A. Hydrocodone, Schedule III at 5 that time. 6 Q. Okay. Where is it today, by 7 the way? 8 A. Schedule II. 9 Q. Why is that? 10 MS. VANNI: Object to form. 11 THE WITNESS: DEA had 12 reclassified it at some point. 13 BY MR. BUCHANAN: 14 Q. Because of all the abuse and 15 diversion. 16 MS. VANNI: Objection. 17 BY MR. BUCHANAN: 18 Q. Right? 19 A. Making it subject to the 20 same guidelines as other Schedule IIs. 21 Q. Oxycodone, one of your top 22 three products by revenue, right? 23 A. That's what it says. 24 Q. Okay. And we see, if you</p>

<p style="text-align: right;">Page 274</p> <p>1 look at the bottom, 2009 segment revenue, 2 or overview, dollars in revenue, there's 3 a little pie chart, right? 4 Controlled substances 5 tablets, 36 percent of your revenue was 6 selling opioids to the American people, 7 right? 8 MS. VANNI: Object to form. 9 THE WITNESS: Well, that's 10 controlled substances. That would 11 include all products from 12 Schedule II through Schedule V. 13 Not all of those products 14 are opioids. 15 BY MR. BUCHANAN: 16 Q. Controlled substances 17 liquid, you picked up another 7 percent 18 there, right? 19 MS. VANNI: Object to form. 20 THE WITNESS: That's what 21 the chart says. 22 BY MR. BUCHANAN: 23 Q. Go to the next page, sir. 24 "Qualitest has a strong</p>	<p style="text-align: right;">Page 276</p> <p>1 BY MR. BUCHANAN: 2 Q. Right. So what Qualitest is 3 selling here, from a business 4 perspective, Endo wanted, right? 5 MS. VANNI: Object to form. 6 THE WITNESS: Endo was 7 looking to diversify and purchase 8 a generics business. That's my 9 understanding. 10 BY MR. BUCHANAN: 11 Q. Endo was selling plenty of 12 generics before, true? 13 MS. VANNI: Object to form. 14 BY MR. BUCHANAN: 15 Q. We looked at your Endocet 16 pills and all the other generics that 17 Endo was selling in the charts briefly 18 this morning. 19 Do you remember that? 20 A. Endo was selling generic 21 products. 22 Q. Okay. Well, let's look at 23 what Qualitest is saying. They've got a 24 strong presence and broad product line in</p>
<p style="text-align: right;">Page 275</p> <p>1 presence and broad product line in the 2 controlled substances market." 3 Do you see that? 4 A. I see that. 5 Q. And that was a true 6 statement as of 2009 and '10, right? 7 A. That's how Qualitest was 8 describing themselves. 9 Q. Well, you're not saying they 10 were misdescribing themselves, are you, 11 sir? 12 MS. VANNI: Object to form. 13 THE WITNESS: I'm saying 14 that Qualitest was manufacturing 15 and distributing opioids during 16 this time frame. 17 BY MR. BUCHANAN: 18 Q. And what Qualitest was 19 saying and what Endo bought, Endo found 20 Qualitest attractive and purchased it, 21 correct? 22 MS. VANNI: Object to form. 23 THE WITNESS: Endo purchased 24 Qualitest.</p>	<p style="text-align: right;">Page 277</p> <p>1 the controlled substances market. And 2 the strategy, in the controlled substance 3 market, continue to expand portfolio and 4 broaden offerings in what, sir? 5 A. In controlled substances. 6 Q. In this category, in 7 controlled substance. Broaden the 8 portfolio and offerings. We talk 9 offerings, we're talking about controlled 10 substances, right? 11 A. Right. There are many 12 products that are controlled substances 13 that aren't necessarily opioids. 14 Q. Who is looking at those 15 death maps at Qualitest and Endo in 2009? 16 MS. VANNI: Objection. 17 BY MR. BUCHANAN: 18 Q. Seeing what a big problem we 19 had in this country? 20 MS. VANNI: Objection. 21 THE WITNESS: I can't speak 22 to your death maps. I don't know 23 the origin of those documents. 24 BY MR. BUCHANAN:</p>

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1 Q. Who is looking at the rates
2 of abuse and death and treatment in this
3 country in 2009 and 2010 when Endo is
4 buying a company that's looking to expand
5 its portfolio and broaden its offerings
6 in controlled substances?
7 MS. VANNI: Object to form.
8 THE WITNESS: I can tell you
9 that we were developing controls
10 and enhancing our processes and
11 procedures to ensure the proper
12 control of these products, so that
13 they weren't diverted or abused.
14 BY MR. BUCHANAN:
15 Q. We already saw back in 2003
16 the DEA had to issue a notice about your
17 two products, right, Percocet and
18 Percodan?
19 MS. VANNI: Object to form.
20 THE WITNESS: There was a
21 communication from the DEA in
22 2003 --
23 BY MR. BUCHANAN:
24 Q. Right.

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1 A. -- expressing some concerns
2 about --
3 Q. The American public?
4 MS. VANNI: Object to form.
5 BY MR. BUCHANAN:
6 Q. Not just to you, to
7 everybody, right?
8 A. That's correct.
9 Q. Let's look, so we have a
10 sense of where Qualitest came from back
11 in 1983. Starting with Kmart, and
12 focused on controlled substances to a
13 place where in 2009, 43 percent of its
14 business is controlled substances. You
15 understand that from what we just
16 reviewed, correct, sir?
17 MS. VANNI: Object to form.
18 THE WITNESS: That's what it
19 says there, yes.
20 BY MR. BUCHANAN:
21 Q. Okay. This was the business
22 that Endo and we saw how Qualitest was
23 looking to broaden its offerings. You
24 recall seeing that, correct?

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1 A. That's in the document.
2 Q. Okay. Well, let's look at
3 the Qualitest numbers again. So looking
4 at Exhibit 6. Can we pull up 1810.
5 All right. So it looks like
6 it worked.
7 MS. VANNI: Is there a
8 question?
9 BY MR. BUCHANAN:
10 Q. Do you see the growth?
11 A. Are you asking me a specific
12 question?
13 Q. I am. Do you see the
14 growth?
15 MS. VANNI: Object to form.
16 THE WITNESS: Which growth
17 are you referring to?
18 BY MR. BUCHANAN:
19 Q. Well, okay. So we're
20 looking now at Exhibit 6, 1810 by E
21 number. What we see in 2008, it's 957
22 million pills. 957 million pills in a
23 year, or dosage units.
24 Do you see that?

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1 A. I see that as the total for
2 2008.
3 Q. And then we see, you know,
4 with this predecessor firm that got in
5 and grew the business a little bit, from
6 957 million pills to 1.3 million pills
7 right, or dosage units?
8 Do you see that, sir?
9 A. That's the total for 2009.
10 Q. Up to 1.6 billion in 2010,
11 right?
12 A. That's the number for 2010.
13 Q. Up, up, and away.
14 MS. VANNI: Objection.
15 MR. BUCHANAN: I'm sorry.
16 BY MR. BUCHANAN:
17 Q. The business grew, right?
18 A. The units sold are
19 increasing.
20 Q. Okay.
21 MR. BUCHANAN: Can you take
22 that down. And let's see with a
23 little more -- oh, it looks like
24 it's still going.

<p style="text-align: right;">Page 282</p> <p>1 BY MR. BUCHANAN: 2 Q. 2011. Do you see that? 2.4 3 billion? 4 MS. VANNI: Object to form. 5 BY MR. BUCHANAN: 6 Q. Moving more opioids, moving 7 more controlled substances, growing the 8 businesses, growing your revenue. 9 MS. VANNI: Object to form. 10 BY MR. BUCHANAN: 11 Q. Right? 12 A. There's growth here from 13 across this time arising due to probably 14 a number of circumstances. 15 Q. Okay. 2012, three billion. 16 That's quite a five-year run, sir. Would 17 you agree? 18 MS. VANNI: Object to form. 19 THE WITNESS: I don't know 20 what you mean by that. There is 21 sales growth from 2008 to 2012 in 22 terms of the number of tablets 23 shipped. 24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 284</p> <p>1 And note my objection. This is 2 beyond the scope of his 30(b)(6) 3 testimony. He's not designated as 4 a person to interpret sales -- 5 witness to interpret sales. 6 Excuse me. 7 BY MR. BUCHANAN: 8 Q. Do you see that, sir? 9 A. Can you repeat your 10 question, please. 11 Q. By 2012, you're pushing out 12 ten pills for every human being in the 13 United States; isn't that right, sir? 14 MS. VANNI: Object to form. 15 THE WITNESS: By 2012, we're 16 manufacturing and distributing 17 3.2 billion pills to patients who 18 need them. 19 BY MR. BUCHANAN: 20 Q. Okay. You know a lot of 21 those drugs were abused and diverted, 22 don't you, sir? 23 MS. VANNI: Objection. 24 THE WITNESS: I can't speak</p>
<p style="text-align: right;">Page 283</p> <p>1 Q. Yeah. There's sales growth 2 that -- would you call a 400 percent 3 sales growth, 300 percent sales growth 4 pretty significant, sir, in five years? 5 MS. VANNI: Object to form. 6 THE WITNESS: It's a growing 7 business. There are a number of 8 factors that influence that. 9 Other companies come off the 10 market, demand moves around. This 11 is a generics market. There is a 12 lot of fluctuation in the demand. 13 Customers move products for 14 various reasons. 15 BY MR. BUCHANAN: 16 Q. So 300 percent growth, your 17 role in this market, 300 percent growth 18 from where you were in 2008 to 2012, 19 correct? 20 A. That's what the numbers say. 21 Q. By 2012, you're pushing out 22 ten pills for every human being in the 23 United States? 24 MS. VANNI: Object to form.</p>	<p style="text-align: right;">Page 285</p> <p>1 to the specific amount of these 2 products that may or may not have 3 been diverted. I can tell you 4 that we had controls in place to 5 prevent diversion and abuse. 6 BY MR. BUCHANAN: 7 Q. Not good ones. 8 MS. VANNI: Objection. 9 BY MR. BUCHANAN: 10 Q. Right? 11 MS. VANNI: Objection. 12 THE WITNESS: I wouldn't 13 characterize it that way. We had 14 evolving controls in place to -- 15 BY MR. BUCHANAN: 16 Q. You had -- 17 A. -- prevent diversion and 18 abuse. 19 Q. You had inadequate controls 20 to monitor for suspicious order -- 21 suspicious orders of controlled 22 substances at Qualitest; isn't that true, 23 sir? 24 MS. VANNI: Object to form.</p>

<p style="text-align: right;">Page 286</p> <p>1 THE WITNESS: I wouldn't 2 agree with that characterization. 3 BY MR. BUCHANAN: 4 Q. Isn't that what your 5 consultants told you? 6 MS. VANNI: Object to form. 7 THE WITNESS: We hired 8 consultants to challenge us. Our 9 consultants tell us a lot of 10 things. We hire them and pay them 11 to come in and challenge us and 12 raise the bar for us. We don't -- 13 we don't necessarily take every 14 recommendation that a consultant 15 gives us. We evaluate, and we use 16 their input to improve and enhance 17 our programs. 18 BY MR. BUCHANAN: 19 Q. The answer to my question 20 would be yes, your consultants did tell 21 you that, right? 22 MS. VANNI: Objection. 23 THE WITNESS: Our 24 consultants told us a number of</p>	<p style="text-align: right;">Page 288</p> <p>1 Q. You also know, sir, in 2012, 2 there's a declaration by the CDC that 3 this was an epidemic, right? 4 MS. VANNI: Object to form. 5 BY MR. BUCHANAN: 6 Q. Did you hear that? 7 MS. VANNI: Beyond the 8 scope. 9 THE WITNESS: I believe I 10 testified earlier that I 11 understood that there was an 12 opioid abuse epidemic in this 13 country. 14 MR. BUCHANAN: Can we pull 15 that back up, please. 16 BY MR. BUCHANAN: 17 Q. You see your role in the 18 epidemic certainly between 2008 and 2012, 19 certainly there is no debate that 20 Qualitest's contribution to this market 21 increased a lot between 2008 and 2012, 22 correct? 23 MS. VANNI: Objection. 24 THE WITNESS: Qualitest's</p>
<p style="text-align: right;">Page 287</p> <p>1 things. 2 BY MR. BUCHANAN: 3 Q. Did your consultants tell 4 you that, sir? 5 A. Is there a specific document 6 that you're referring to with that -- 7 Q. Do you have that 8 recollection, sir, that your consultants 9 told you in or around 2013 that you had 10 inadequate suspicious order monitoring 11 practices? 12 A. Our consultants -- 13 MS. VANNI: Objection. 14 THE WITNESS: Sorry. 15 BY MR. BUCHANAN: 16 Q. Do you recall that, yes or 17 no? 18 A. I recall our consultants 19 giving us a lot of input at various 20 intervals during that time frame. They 21 may have used the word "inadequate." If 22 you can point to a specific document 23 where they may or may not have used that 24 word, then I can comment on it.</p>	<p style="text-align: right;">Page 289</p> <p>1 sales of tablets increased during 2 that time frame. 3 BY MR. BUCHANAN: 4 Q. 300, 350 percent, right? 5 A. In that vicinity. 6 Q. Okay. All right. So when 7 we look, blow this out and we go forward 8 in time -- we only have data through 9 2015, sir. I guess that's because after 10 2015, some of the Qualitest data is 11 probably reported on the Par sheets. 12 Would that be your expectation? 13 A. That would be correct. 14 Q. The way the reporting -- 15 A. That would be correct. 16 Q. Okay. So we see here for 17 the, what is that, eight years we have 18 data, in eight years Qualitest put out 19 close to 19 billion tablets and dosage 20 units of opioid containing products. 21 MS. VANNI: Objection. 22 Beyond the scope. 23 THE WITNESS: Over this time 24 period, just under 19 billion</p>

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1 tablets.
2 BY MR. BUCHANAN:
3 Q. Yeah. And over this time
4 period, we're not incorporating the --
5 the legacy Qualitest products after 2016.
6 So there would be more, right?
7 A. Those would be on the Par
8 sheet.
9 Q. Right. So additional
10 billions of pills for 2016, '17 and '18
11 until today, correct?
12 MS. VANNI: Object to form.
13 THE WITNESS: Whatever the
14 numbers are. We can go look at
15 the numbers if you want.
16 BY MR. BUCHANAN:
17 Q. Sure. Go ahead. What
18 exhibit are you referring to?
19 A. I'm referring back to
20 1809.1.
21 Q. Can you give us the numbers
22 for 2015 on the Par sheet?
23 A. It says 2.6 billion.
24 Q. Can you give us the numbers

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1 for 2016?
2 A. 2.1 billion.
3 Q. Can you give us the number
4 for the 2017?
5 A. 1.4 billion.
6 Q. And in 2018?
7 A. 660 million.
8 Q. Okay. But if we wanted to
9 get a sense, if you will, of the combined
10 contribution of Par, Endo and Qualitest's
11 manufacture and shipments of opioid
12 products, we could look at the total of
13 the three sheets and just put them
14 together, right?
15 MS. VANNI: Object to form.
16 THE WITNESS: With the
17 exception of 2015, because I think
18 2015 is duplicated on the Par and
19 the Qualitest sheets.
20 BY MR. BUCHANAN:
21 Q. I -- I -- that may be so. I
22 don't have a way to reconcile that.
23 We -- we got the data streams that were
24 provided by counsel.

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1 A. It was -- it's difficult,
2 because that was the integration period
3 but --
4 Q. Okay.
5 A. I think you would have to --
6 Q. Have to tease that one out a
7 little bit?
8 A. You'd have to consider that.
9 Q. Okay. At this point we've
10 just relied on the -- the summary sheets
11 that have been provided to us by counsel.
12 So what do you -- what do
13 you get when you add those three up, what
14 is that, over 30 billion?
15 MS. VANNI: Object to form.
16 Beyond the scope.
17 THE WITNESS: It would be --
18 it would be in that vicinity.
19 BY MR. BUCHANAN:
20 Q. Yeah. I guess like 34
21 billion pills and dosage units of opioids
22 made by the Endo entities during the
23 various windows for which we've been
24 given data. Fair?

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1 MS. VANNI: Same objection.
2 THE WITNESS: According to
3 the data, yes.
4 BY MR. BUCHANAN:
5 Q. Okay. I'd like to talk to
6 you about Qualitest's specific suspicious
7 order monitoring programs. You've been
8 designated on that as well. You are
9 aware of that?
10 A. I am.
11 Q. Okay.
12 MR. BUCHANAN: Do you mind
13 if we do an early break?
14 MS. VANNI: No. We can take
15 a break.
16 THE VIDEOGRAPHER: Off the
17 record at 1:47 p.m.
18 (Short break.)
19 THE VIDEOGRAPHER: We are
20 back on the record at 1:56 p.m.
21 BY MR. BUCHANAN:
22 Q. All right, sir. Just to
23 orient you and kind of keep our buckets
24 clean, we spent some time talking about

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1 Par and kind of its evolution, its
2 business, its suspicious order monitoring
3 practices over time.
4 Do you recall that?
5 A. I do.
6 Q. Now I'm going to focus in
7 on -- because I'm going to probably use
8 the time -- the name Par from time to
9 time and Qualitest from time to time.
10 But I want to refer to the
11 predecessor entity's business that was
12 Qualitest. That's where we finished up
13 before the break, and if there's any
14 confusion in my terminology, please ask
15 me to clarify and I'll be happy to do
16 that.
17 Okay?
18 A. Okay.
19 Q. All right. So in 2013, you
20 are aware that the company actually gets
21 called into DC by the DEA, right?
22 MS. VANNI: Object to form.
23 THE WITNESS: I'm aware of
24 the fact that Qualitest was asked

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1 to come meet with the DEA.
2 BY MR. BUCHANAN:
3 Q. Right. In fact, they did,
4 right?
5 A. They did go meet with the
6 DEA.
7 Q. Okay.
8 (Document marked for
9 identification as Exhibit
10 Endo-Macrides-18.)
11 BY MR. BUCHANAN:
12 Q. I'm going to pass you
13 Exhibit 18. I assume you've seen this,
14 sir.
15 It's a copy of a binder that
16 was given to the Qualitest folks who went
17 and met with the DEA on that day,
18 correct?
19 MS. VANNI: Can I have a
20 copy?
21 What is this, 18?
22 MR. BACHMANN: Yes.
23 BY MR. BUCHANAN:
24 Q. Are you looking to orient

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1 yourself, sir? I just want to make sure
2 I get an answer --
3 A. I'm just looking to orient
4 myself to the document.
5 Q. Okay. That's fine.
6 For the record, we're
7 looking at a lengthy document entitled
8 "Effective Controls Against Diversion of
9 Controlled Substances, Meeting With
10 Vintage Pharmaceuticals March 6, 2013."
11 Do you see that, sir?
12 A. I see that.
13 Q. Okay. And you understand
14 Vintage Pharmaceuticals was one of the
15 entities that did business as the name
16 Qualitest, correct?
17 A. One of the legal entities.
18 Q. There was a legal entity
19 known as Generics Bidco. There was
20 another entity called Vintage
21 Pharmaceuticals.
22 They both did business as
23 Qualitest from the years before Endo
24 acquired them until the merger with Par

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1 in 2015-'16, correct?
2 A. Correct.
3 Q. Okay. So that we can
4 consider this effectively a meeting with
5 the business that called itself Qualitest
6 at this point in time, correct?
7 A. I agree.
8 Q. Okay. And taking your
9 30(b)(6) hat off for the moment.
10 A. Okay.
11 Q. Were you -- were you in the
12 Qualitest side of the business prior to
13 the merger?
14 A. I was an Endo employee at
15 this particular time.
16 Q. But just to answer my
17 question. Did -- did you have
18 Qualitest's role and function prior to
19 the merger?
20 A. Prior to the merger, prior
21 to the Par merger?
22 Q. Yes, sir.
23 A. So I was an Endo employee
24 initially. At some point I became a

<p style="text-align: right;">Page 298</p> <p>1 Qualitest employee. I believe that was 2 in early 2015. 3 Q. Okay. So in and around the 4 time that the Par-Qualitest transaction 5 was going to happen? 6 A. Correct. 7 Q. Okay. So at this point in 8 time really, and in the information, 9 testimony you're going to provide is 10 really on the basis of the preparation 11 that you've done to -- to testify for the 12 company today? 13 MS. VANNI: Object to form. 14 THE WITNESS: Correct. 15 BY MR. BUCHANAN: 16 Q. When I say "and around this 17 point in time," I'm pointing to the 18 document. 19 But when we're talking about 20 the interaction between Qualitest or 21 Vintage Pharmaceuticals and the DEA in 22 2013, your testimony really reflects the 23 preparation you've done to answer these 24 questions for us today, correct?</p>	<p style="text-align: right;">Page 300</p> <p>1 right? 2 A. Are you on -- 3 Q. I'm on Page .3. 4 A. Okay. I'm sorry. I was 5 still on the first page. 6 Q. That's fine. I didn't move 7 you yet. Let's go to 1117.3. Bottom of 8 the page, or bottom slide. 9 I guess I should say, sir, 10 do you recognize this essentially as a 11 printout of a slide deck, the way a 12 PowerPoint gets formatted in printout 13 form? 14 A. That's what it appears to 15 be, yes. 16 Q. Okay. And you understood 17 that at that particular meeting in March 18 of 2013, the DEA presented a narrative 19 slide deck and also presented charts and 20 tables to the company, correct? 21 A. That's my understanding. 22 Q. Okay. It says, "The 23 information presented should not be 24 considered new information." Right?</p>
<p style="text-align: right;">Page 299</p> <p>1 A. I would agree. 2 Q. No firsthand experience at 3 the time, correct? 4 A. Correct. 5 Q. All right. Thank you. So 6 what happened here is the DEA called you 7 in, in I guess early 2013 to alert you to 8 some information, right? 9 MS. VANNI: Object to form. 10 THE WITNESS: The DEA asked 11 us to come in for a meeting. 12 BY MR. BUCHANAN: 13 Q. Okay. Well, I mean, they 14 came in and they presented you 15 information about your business as well 16 as the business of people you were 17 selling to and sometimes the business 18 your customers were selling to, right? 19 A. Right. The DEA periodically 20 does these things to provide information 21 and to provide guidance. 22 Q. Well, what they told you was 23 that, you know, the information in this 24 should not be considered new information,</p>	<p style="text-align: right;">Page 301</p> <p>1 A. That's what it says. 2 Q. "The substance of this 3 presentation has been previously 4 available and communicated through the 5 Controlled Substance Act, its 6 regulations, federal register notices, 7 DEA, and sponsored conferences, 8 correspondence from the DEA, releases 9 from the popular press, in addition to 10 the registrant's own sales data." 11 Did I read that correct? 12 A. You did. 13 Q. Okay. Turn to the next 14 page. "Each registrant within the closed 15 system of distribution has defined 16 privileges and responsibilities in which 17 they must operate." 18 Do you see that? 19 A. I see that. 20 Q. Do you agree with that? 21 A. I agree we have 22 responsibilities within the closed 23 system. 24 Q. Right. And you understand</p>

<p style="text-align: right;">Page 302</p> <p>1 that you're not making, obviously, 2 pencils and pens and staples and things 3 like that. I mean, you're making drugs 4 that need to be kept in safes and vaults, 5 right? 6 MS. VANNI: Object to form. 7 THE WITNESS: I understand 8 that we have a responsibility to 9 control these products as defined 10 in the regulations, yes. 11 BY MR. BUCHANAN: 12 Q. And to maintain effective 13 controls against diversion, right? 14 A. We have a responsibility to 15 have effective controls in place to 16 prevent the diversion and abuse of our 17 products. 18 Q. Okay. Okay. It says, "Each 19 registrant within the closed system of 20 distribution has defined privileges and 21 responsibilities in which they must 22 operate." And then the next slide says, 23 "When a registrant fails to adhere to 24 their responsibilities, those violations</p>	<p style="text-align: right;">Page 304</p> <p>1 danger to the public, right? 2 A. That's what it says here. 3 Q. Okay. You don't fuss with 4 that. You agree with that, right? 5 A. As I've testified, I agree 6 that we have a responsibility to follow 7 the regulations, so as to prevent the 8 diversion and abuse of these products. 9 Q. You agree also, you have an 10 obligation to know your customer, right? 11 MS. VANNI: Object to form. 12 THE WITNESS: I agree that 13 part of the -- part of the 14 regulation is to understand our 15 customer. 16 BY MR. BUCHANAN: 17 Q. Okay. You've got to know 18 your customer. That's not something that 19 you needed the DEA to tell you in 2013, 20 right? 21 MS. VANNI: Object to form. 22 THE WITNESS: Part of the 23 regulations that we -- companies 24 who distribute these products need</p>
<p style="text-align: right;">Page 303</p> <p>1 represent a danger to the public and 2 jeopardize the closed system of 3 distribution." 4 Did I read that correctly? 5 A. You did. 6 Q. Do you agree with that, sir? 7 A. I think I've been clear that 8 if these products aren't controlled and 9 kept within the closed system, they have 10 the potential to be diverted and abused. 11 Q. So you'd agree with the DEA 12 in that regard? 13 A. I would agree that that can 14 be -- that can present a danger. 15 Q. Okay. And so the 16 registrants really must adhere to their 17 responsibilities so not to present and 18 risk of danger to the public, right? 19 MS. VANNI: Object to form. 20 THE WITNESS: We -- we have 21 a responsibility to abide by the 22 regulations. 23 BY MR. BUCHANAN: 24 Q. So as not to present a</p>	<p style="text-align: right;">Page 305</p> <p>1 to understand their customers. 2 BY MR. BUCHANAN: 3 Q. Right. You've got to know 4 your customer's customer, right? 5 MS. VANNI: Object to form. 6 BY MR. BUCHANAN: 7 Q. As best you're able? 8 A. DEA describes that as 9 knowing your customer's customer as 10 best -- to the best of our capability. 11 Q. Right. And that's what 12 you're required to do in this system, to 13 know your customer, and your customer's 14 customer, right, as best you're able? 15 A. That's my understanding of 16 the regulations. 17 Q. Right. And you didn't need 18 the DEA to tell you that in 2013, right, 19 sir? 20 MS. VANNI: Object to form. 21 THE WITNESS: Well, what 22 I -- what I would say is that the 23 know your customer's customer is 24 not specifically defined in the</p>

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<p>1 regulations and something that DEA 2 has tried periodically to provide 3 guidance around. Companies have 4 sought guidance around that 5 particular aspect of the 6 regulations. 7 And certainly in this 8 meeting, some of that guidance was 9 provided. 10 BY MR. BUCHANAN: 11 Q. That's not the first time 12 that the company was aware of the know 13 your customer and know your customer's 14 customer obligation, right? 15 A. No. 16 Q. You were aware of that 17 before that, right? 18 A. We had an understanding of 19 the regulations. 20 Q. And the know your customer 21 and know your customer's customer 22 obligation before that? 23 A. As part of the regulation. 24 MS. VANNI: Object to form.</p>	<p>1 following: Unusual frequency of orders, 2 unusual size of orders, deviating from a 3 normal" -- "deviating substantially from 4 a normal pattern." It says, "Mandated by 5 the regulation." 6 Do you see that? 7 A. I see that. 8 Q. And then it continues with 9 due diligence below that. Consider the 10 range -- it states, "Range of products 11 being purchased." 12 Do you see that? 13 A. I see that. 14 Q. "Methods of payment, cash, 15 insurance, Medicaid." 16 Do you see that? 17 A. I see that. 18 Q. "Location and hours of 19 operation." 20 Do you see that? 21 A. I see it. 22 Q. "Percent of controlled 23 versus noncontrolled." 24 Do you see that, sir?</p>
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<p>1 BY MR. BUCHANAN: 2 Q. Thank you. 3 THE VIDEOGRAPHER: Off the 4 record at 2:06 p.m. 5 (Brief pause.) 6 THE VIDEOGRAPHER: Back on 7 the record at 2:08 p.m. 8 BY MR. BUCHANAN: 9 Q. Sir, we are on Exhibit 8 -- 10 is it 8 or 18? It's 18. 11 A. 18. 12 Q. Yeah. Thank you. Exhibit 13 18, effective controls against diversion. 14 This presentation, the DEA made and 15 presented and provided you with in March 16 of 2013. 17 A. Oh, I'm sorry. 18 Q. I'd like to go to 1117.11. 19 It's talking about due diligence and know 20 your customer. We spent a moment -- we 21 had some discussion about that a moment 22 ago. 23 "Prior to filling an order, 24 the distributor should review the</p>	<p>1 A. I see that. 2 Q. "Customer picking it up at 3 the distributorship." 4 Do you see that? 5 A. I see that. 6 Q. Recognizing those are all 7 considerations in evaluating your 8 customers and their customers' practices, 9 correct? 10 A. I understand. 11 Q. Something important to do in 12 knowing your customer, right? 13 MS. VANNI: Object to form. 14 THE WITNESS: These are all 15 aspects of how you would look at a 16 customer. 17 BY MR. BUCHANAN: 18 Q. Let's look at 1117.12. And 19 the DEA actually gave you a picture of 20 kind of a waiting room in a pharmacy. Do 21 you see that? 22 A. It's kind of hard to see, 23 but -- 24 Q. Yeah, it's probably easier</p>

<p style="text-align: right;">Page 310</p> <p>1 on the screen, but that's not even great. 2 Do you see it? 3 A. I see the picture. 4 Q. People kind of mulling 5 around, crowded on the outside of a room 6 with a glass window? 7 A. I see that. 8 Q. Okay. Certainly important 9 for the company to conduct site visits 10 and see its customers and see how its 11 customers are operating, right? 12 MS. VANNI: Object to form. 13 THE WITNESS: I think that 14 site visits are certainly a -- a 15 one aspect of a comprehensive 16 suspicious order monitoring 17 program. 18 BY MR. BUCHANAN: 19 Q. Good thing to do, right? 20 MS. VANNI: Object to form. 21 THE WITNESS: Part of a 22 comprehensive suspicious order 23 monitoring program. 24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 312</p> <p>1 BY MR. BUCHANAN: 2 Q. Okay. And we'll have an 3 opportunity to talk about some of the 4 things you were doing and not doing as 5 part of that. 6 The -- the DEA also gave you 7 charts of your sales, right? 8 A. Yeah, there were some charts 9 that were reviewed at the meeting as I 10 understand it. 11 Q. Right. Let's just go to 12 1117.232. 13 We don't need to live on 14 this page long. Just, you recognize the 15 top manufacturers/distributors of 16 oxycodone 15-milligram, 100 counts. 17 Sales and dosage units from January 1, 18 2011, to December 31, 2011. 19 Do you see that? 20 A. I see that. 21 Q. Okay. And then on the far 22 left there's some columns that show 23 Vintage Pharmaceuticals and Generic 24 Bidco.</p>
<p style="text-align: right;">Page 311</p> <p>1 Q. Comprehensive is a good 2 thing, right? 3 A. Comprehensive is a good 4 thing. 5 Q. Right. So doing due 6 diligence and doing site visits are a 7 good thing, right? 8 MS. VANNI: Object to form. 9 THE WITNESS: They are -- 10 they are one aspect of a 11 suspicious order monitoring 12 program. 13 BY MR. BUCHANAN: 14 Q. And certainly, if, you know, 15 half your business is controlled 16 substances, you -- you want to take that 17 obligation seriously, right? 18 MS. VANNI: Object to form. 19 THE WITNESS: We take that 20 obligation very seriously and have 21 taken that obligation very 22 seriously in terms of the 23 development and evolution of our 24 programs.</p>	<p style="text-align: right;">Page 313</p> <p>1 Do you see that? 2 A. Right. 3 Q. Pushing off a couple hundred 4 million between them, right? 5 MS. VANNI: Object to form. 6 THE WITNESS: I think you 7 actually -- one of these is the 8 manufacturing entity and one of 9 these is the distributor entity. 10 So you can't really add those two 11 numbers together. 12 BY MR. BUCHANAN: 13 Q. Oh, I see. So the way we 14 should look at this is -- because the 15 company had two registrations? 16 A. We had a manufacturer's 17 registration. We had a distributor's 18 registration. 19 Q. Fair enough. 20 A. Some of these other 21 companies that are on here might only 22 have a distributor's -- 23 Q. Gotcha. 24 A. -- registration.</p>

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1 Q. So what we should be looking
2 at here is, you know, one or the other,
3 one is a manufacturing, one is the
4 distributing, right, distributor?
5 A. Right. I'm just clarifying
6 that point.
7 Q. No, I appreciate that.
8 So, you know, we can split
9 the difference here and call it roughly
10 100 million tablets put out in this 2011
11 period of just one NDC number, right?
12 MS. VANNI: Object to form.
13 THE WITNESS: This appears
14 to represent how much oxycodone
15 15-milligram we manufactured and
16 distributed.
17 BY MR. BUCHANAN:
18 Q. In a one-year period of
19 time?
20 A. January through
21 December 2011.
22 Q. And you didn't just make oxy
23 15s, right?
24 MS. VANNI: Object to form.

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1 BY MR. BUCHANAN:
2 Q. You made oxy 30s?
3 A. We made multiple strengths
4 of oxycodone.
5 Q. Right. So this is one
6 particular strength of a highly abused
7 and diverted opioid, for one year, made
8 by the company's affiliate, correct?
9 MS. VANNI: Object to form.
10 THE WITNESS: This is one
11 particular strength of oxycodone
12 that was manufactured and
13 distributed to patients in pain.
14 BY MR. BUCHANAN:
15 Q. Okay. About 100 million
16 pills over that one year, right?
17 A. About 100 million pills.
18 Q. Okay. All right. So we
19 have the -- the binder.
20 And was this circulated to
21 you in your kind of supply chain role and
22 function for Endo, the same period of
23 time?
24 A. This -- this binder?

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1 Q. Yeah. Did you get it,
2 outside of your preparation for today?
3 A. I don't believe I ever saw
4 this outside of my preparation for today.
5 MR. BUCHANAN: Okay. Can I
6 please have 575.
7 THE WITNESS: But I -- you
8 know, that's my recollection.
9 (Document marked for
10 identification as Exhibit
11 Endo-Macrides-19.)
12 BY MR. BUCHANAN:
13 Q. Passing you what we're
14 marking as Exhibit 19 to your deposition,
15 sir.
16 It's a transmittal from
17 Ms. Hernandez to Peter Bigelow, Sanjay
18 Patel, and Denise Hudson.
19 Do you see that?
20 A. I see that.
21 Q. It's kind of reading from
22 the bottom up. March 6, 2013. Says,
23 "Attached are the charts that the DEA
24 reviewed with us at the meeting today.

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1 As we expected."
2 Do you see that? "As we
3 expected"?
4 A. I see that.
5 Q. Okay. "They are broken out
6 by state and then further broken down by
7 customers within that state. They don't
8 show all the customers in the state.
9 Only those with the highest volume
10 purchases."
11 So what the DEA -- did I
12 read that correctly, first, sir?
13 A. That's what it says.
14 Q. Okay. And so what the DEA
15 was doing was sending -- or sitting down
16 with you and saying we've got some
17 concerns, right?
18 MS. VANNI: Object to form.
19 THE WITNESS: I think what
20 this says is the DEA was showing
21 us data around where some of the
22 sales were going, different states
23 and different customers. I
24 believe that's what these charts

<p style="text-align: right;">Page 318</p> <p>1 represent.</p> <p>2 BY MR. BUCHANAN:</p> <p>3 Q. Are you fussing with whether</p> <p>4 the DEA conveyed concern to Qualitest,</p> <p>5 sir?</p> <p>6 A. I'm -- I'm just clarifying</p> <p>7 what's here.</p> <p>8 Q. Okay. But I mean</p> <p>9 generally --</p> <p>10 A. You asked me if I read this,</p> <p>11 and I said that I read it.</p> <p>12 Q. Apart from reading the</p> <p>13 sentence that we're focused on right</p> <p>14 there, do you understand, sir, at that</p> <p>15 meeting, that the DEA was expressing its</p> <p>16 concern, A, with the volume that was</p> <p>17 being produced, and B, with the company's</p> <p>18 suspicious order monitoring practices?</p> <p>19 MS. VANNI: Object to form.</p> <p>20 THE WITNESS: I think the</p> <p>21 DEA expressed a number of concerns</p> <p>22 and suggestions and guidances at</p> <p>23 the meeting as I understand it.</p> <p>24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 320</p> <p>1 responsible for the supply chain</p> <p>2 and manufacturing side of the</p> <p>3 business. Those were your</p> <p>4 characterization, not mine.</p> <p>5 BY MR. BUCHANAN:</p> <p>6 Q. Yeah, I just -- I can't</p> <p>7 understand your characterization. That's</p> <p>8 my concern. When you say responsible for</p> <p>9 the commercial side, does that mean sales</p> <p>10 and marketing?</p> <p>11 A. Sales and marketing.</p> <p>12 Q. I see. Okay. So commercial</p> <p>13 means sales and marketing in your</p> <p>14 parlance?</p> <p>15 A. Commercial means sales and</p> <p>16 marketing.</p> <p>17 Q. Okay. So Mr. Bigelow is a</p> <p>18 sales and marketing person. And that's</p> <p>19 who Ms. Hernandez is sending around some</p> <p>20 quick comments on, kind of on her way</p> <p>21 back on the train, I assume --</p> <p>22 withdrawn -- right after the meeting?</p> <p>23 A. Apparently.</p> <p>24 Q. Okay. All right. It states</p>
<p style="text-align: right;">Page 319</p> <p>1 Q. That's fine. I just wanted</p> <p>2 to make sure we were clear on that.</p> <p>3 So this gets distributed to</p> <p>4 Mr. Bigelow. Who is he again?</p> <p>5 A. So Peter was the person that</p> <p>6 was responsible for, call it the business</p> <p>7 side of Qualitest.</p> <p>8 Q. Okay.</p> <p>9 A. And what I mean by that is</p> <p>10 more of the commercial side of the</p> <p>11 business, whereas Denise Hudson was more</p> <p>12 accountable for the supply chain and the</p> <p>13 manufacturing side of Qualitest.</p> <p>14 Q. Mr. Bigelow growing the</p> <p>15 business, Ms. Hudson fulfilling the</p> <p>16 orders in a timely -- from more of an</p> <p>17 operations perspective. Would that be</p> <p>18 fair?</p> <p>19 MS. VANNI: Object to form.</p> <p>20 THE WITNESS: I believe what</p> <p>21 I said was that Mr. Bigelow would</p> <p>22 have been responsible for the</p> <p>23 commercial side of the business</p> <p>24 and Ms. Hudson would have been</p>	<p style="text-align: right;">Page 321</p> <p>1 at the bottom, "DEA is saying that</p> <p>2 anything above the average should be</p> <p>3 investigated. There may be justification</p> <p>4 for why they are above the average, but</p> <p>5 there may not be. If there's not</p> <p>6 adequate justification, we should be</p> <p>7 discontinuing sales to that customer or</p> <p>8 inquiring our customer to discontinue</p> <p>9 sales to that entity for us to continue</p> <p>10 doing business with them, and we are</p> <p>11 required to report the suspicious</p> <p>12 activity to the DEA."</p> <p>13 Did I read that correctly,</p> <p>14 sir?</p> <p>15 A. You did.</p> <p>16 Q. Okay. "An evaluation of</p> <p>17 data such as this is one part of the</p> <p>18 company's overall suspicious order</p> <p>19 monitoring program. It doesn't replace</p> <p>20 the need to use a statistically based</p> <p>21 program to evaluate orders initially</p> <p>22 based on frequency, volume and size, and</p> <p>23 it doesn't mean that these sales are the</p> <p>24 only customers that we should be looking</p>

<p style="text-align: right;">Page 322</p> <p>1 at or the only trending data. However, 2 it is where some of the most telling data 3 originates which is why DEA chose" -- 4 "DEA chose to share this information with 5 us specifically." 6 Did I read that correctly? 7 A. You did. 8 Q. Okay. All right. And so at 9 this point in time, Qualitest does not 10 have a statistically founded order of 11 interest flagging system, correct? 12 MS. VANNI: Object to form. 13 THE WITNESS: I believe at 14 this time Qualitest was looking at 15 excessive orders. Did not have a 16 sophisticated statistical 17 algorithm. We had not really 18 evolved to that point with the 19 program. 20 BY MR. BUCHANAN: 21 Q. Right. When you say you 22 hadn't really evolved to it, I mean, that 23 was -- that was really despite the fact 24 that it was the leading opioid</p>	<p style="text-align: right;">Page 324</p> <p>1 A. Hydrocodone and oxycodone. 2 Q. Okay. Opioids? 3 A. Those two products are 4 opioid. 5 Q. Number one and number two 6 from a revenue perspective, correct? 7 A. That's what they -- that's 8 what the document said. 9 Q. Okay. All right. So 10 let's -- let's orient ourselves a little 11 further in that meeting. 12 MR. BUCHANAN: Can I please 13 have E-1824. 14 (Document marked for 15 identification as Exhibit 16 Endo-Macrides-20.) 17 BY MR. BUCHANAN: 18 Q. I'm passing to you what 19 we're marking as Exhibit 20 to your 20 deposition today, sir. 21 It's an e-mail from 22 Mr. Patel to Ms. Hernandez from 2013 23 forwarding an image. 24 Do you see that? Do you see</p>
<p style="text-align: right;">Page 323</p> <p>1 manufacturer in the country, right? 2 MS. VANNI: Object to form. 3 THE WITNESS: I think we 4 talked about -- what document are 5 you referring to? 6 BY MR. BUCHANAN: 7 Q. Well, we looked at the 8 business description of Qualitest from 9 2010. 10 Do you recall that? 11 A. It said it was the -- it 12 said leading manufacturer of controlled 13 substances. 14 Q. Right. 15 A. It didn't say leading 16 manufacturer of opioids. It say leading 17 manufacturer of controlled substances. 18 Q. Thank you. With that 19 clarification -- thank you. 20 A. That would include Schedule 21 II to Schedule V. 22 Q. What were the top two 23 controlled substances that Qualitest 24 noted in its business overview from 2010?</p>	<p style="text-align: right;">Page 325</p> <p>1 that, sir? 2 A. Yeah. I see it's forwarding 3 an image. I'm just familiarizing myself 4 with the document. 5 Q. And this says Mr. Patel is 6 with Endo? 7 A. He was an Endo employee. 8 Q. Okay. So what was his role 9 and function at Endo? 10 A. He was at that time 11 responsible for Endo's supply chain 12 function. And he was a -- it was a 13 corporate position. So that would have 14 extended to supply chain operations 15 within the Qualitest business. 16 Q. Okay. And so the Endo folks 17 were supporting the Qualitest folks? 18 MS. VANNI: Object to form. 19 THE WITNESS: Well, let me 20 try to explain it. I think what 21 you had there was certain 22 functions that were more 23 corporate, what you might call a 24 corporate function. And so people</p>

<p style="text-align: right;">Page 326</p> <p>1 who were Endo employees who were 2 in the supply chain corporate 3 function had some responsibilities 4 for some of the activities within 5 Qualitest. 6 And so Sanjay happened to be 7 an Endo employee who had some 8 responsibilities for some of the 9 activities under Qualitest. 10 BY MR. BUCHANAN: 11 Q. Understood. So at this 12 point in time, even though there were 13 separate legal entities, Endo employees 14 would have some responsibilities for 15 Qualitest stuff, Qualitest employees 16 would have some responsibility for Endo 17 stuff, in some sense? 18 MS. VANNI: Object to form. 19 BY MR. BUCHANAN: 20 Q. Is that fair? 21 A. Mostly the first way. Endo 22 employees -- some Endo employees who were 23 considered to be more at the corporate 24 level would have some accountability for</p>	<p style="text-align: right;">Page 328</p> <p>1 folks and the Qualitest folks in early 2 March of 2013, correct? 3 A. Correct. 4 Q. Okay. And this was a 5 sit-down that went on for a few hours, 6 right? 7 MS. VANNI: Object to form. 8 BY MR. BUCHANAN: 9 Q. Do you have that 10 understanding? 11 A. I actually don't know how 12 long the meeting went on for. 13 Q. Okay. So I'd like to direct 14 your attention to 1824.3. 15 MR. BUCHANAN: And the SC 16 Levin paragraph, can we blow that 17 out. 18 BY MR. BUCHANAN: 19 Q. It states, "SC Levin spoke 20 of the current epidemic of prescription 21 drug abuse in the United States." 22 You understand SC Levin is 23 an individual with the DEA? 24 A. I do.</p>
<p style="text-align: right;">Page 327</p> <p>1 certain activities within Qualitest. 2 Q. Yeah. Was Mr. Patel a more 3 senior person within Endo? 4 A. I believe he was a vice 5 president. 6 Q. Oh, I see. So Mr. Patel is 7 forwarding along, it looks like -- this 8 is an image, right? I don't know. It's 9 a PDF of minute -- withdrawn. 10 Mr. Patel is forwarding 11 along minutes of this DEA meeting from 12 March of 2013. 13 Do you see that? 14 A. Yes, these appear to be 15 minutes from the meeting. 16 Q. Okay. Did you get a chance 17 to look at this in connection with your 18 preparation for today? 19 MS. VANNI: Object to form. 20 THE WITNESS: I have seen 21 this document. 22 BY MR. BUCHANAN: 23 Q. Okay. And so this is 24 reporting on the meeting among the DEA</p>	<p style="text-align: right;">Page 329</p> <p>1 Q. Okay. "SC Levin stated that 2 80 percent of all controlled substances 3 manufactured in the world are prescribed 4 and consumed in the United States." 5 Did I read that correctly? 6 A. You did. 7 Q. Okay. "SC Levin stated that 8 the abuse and diversion of oxycodone 15 9 and 30-milligram tablets is a major 10 problem." 11 Did I read that correctly, 12 sir? 13 A. That's what it says here. 14 Q. Y'all were big manufacturers 15 of oxycodone 15 and 30, right? 16 MS. VANNI: Object to form. 17 THE WITNESS: Qualitest 18 manufactured oxycodone 19 15-milligram and 30-milligram. 20 BY MR. BUCHANAN: 21 Q. Okay. "SC Levin discussed 22 the pain clinic issues in Florida as well 23 as other drug abuse trends around the 24 country. He outlined the methods of</p>

<p style="text-align: right;">Page 330</p> <p>1 diversion of these products and advised 2 that Qualitest is responsible for 3 monitoring and reviewing their suspicious 4 order monitoring system, assuring 5 Qualitest is reporting to the ARCOS" -- 6 "to ARCOS correctly, visiting and knowing 7 their customers, maintaining a due 8 diligence file on their customers, and 9 knowing where their products are ending 10 up." 11 Did I read that correctly? 12 A. You did. 13 Q. First of all, this sentence 14 that "80 percent of controlled substances 15 manufactured in the world are prescribed 16 and consumed in the United States," do 17 you understand that's what the company 18 was told by the DEA in 2013? 19 A. That's what it says here. 20 Q. Does the United States have 21 80 percent of the world's population? 22 MS. VANNI: Object to form. 23 Beyond the scope. 24 THE WITNESS: I would say</p>	<p style="text-align: right;">Page 332</p> <p>1 Q. Do you understand that all 2 human beings on this planet, this big 3 planet of ours with lots of people, have 4 pain? 5 A. I understand that there are 6 people who are in severe pain who need 7 these products. We distribute products, 8 we manufacture and distribute products to 9 people who need them for those symptoms. 10 Q. Let me just understand 11 factually, sir. 12 As part of the company 13 suspicious order monitoring program, the 14 company considered the extent to which 15 the population here that was consuming 16 opioids exceeded in some sense -- 17 withdrawn. 18 Does the United States have 19 80 percent of the world's population of 20 people? 21 MS. VANNI: Objection. 22 Asked and answered. 23 THE WITNESS: I don't know 24 what the actual percentage of the</p>
<p style="text-align: right;">Page 331</p> <p>1 no. 2 BY MR. BUCHANAN: 3 Q. Do you think we are the only 4 people in pain? 5 MS. VANNI: Object to form. 6 Beyond the scope. 7 THE WITNESS: I'm not 8 qualified to speak on medical 9 matters. I'm not a doctor. 10 BY MR. BUCHANAN: 11 Q. You don't think the United 12 States population has a franchise on 13 pain, do you? 14 MS. VANNI: Objection. 15 BY MR. BUCHANAN: 16 Q. Or an exclusive on pain? 17 MS. VANNI: Objection. 18 THE WITNESS: I understand 19 that pain is a serious medical 20 issue. And I understand that 21 opioid products are used to treat 22 significant pain issues that 23 people experience. 24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 333</p> <p>1 United States population is versus 2 the world population. 3 BY MR. BUCHANAN: 4 Q. All right. So let's -- 5 let's talk about what you heard from 6 SC Levin at this meeting. 7 "One, abuse and diversion 8 are a major problem," right? 9 Did I read that correctly? 10 A. That's what he says. 11 Q. In fact, back in 2003, 12 10 years earlier, the DEA said abuse and 13 diversion of OxyContin, and Percocet, 14 Percodan, all oxycodone products, were a 15 problem, right? 16 MS. VANNI: Object to form. 17 THE WITNESS: DEA had 18 provided some guidance around 19 those products in 2003, per the 20 document we looked at earlier. 21 BY MR. BUCHANAN: 22 Q. Right. So this isn't news. 23 It's just gotten a lot worse, right? 24 MS. VANNI: Object to form.</p>

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1 THE WITNESS: I believe that
2 I've already testified that I
3 understand that there is an opioid
4 abuse epidemic in this country and
5 that it has gotten worse over some
6 period of time.
7 BY MR. BUCHANAN:
8 Q. Okay. And so to be clear,
9 there was an opioid abuse and diversion
10 problem with oxycodone products in 2003,
11 we can agree, right?
12 MS. VANNI: Object to form.
13 THE WITNESS: DEA provided a
14 document that suggested that, yes.
15 BY MR. BUCHANAN:
16 Q. And then they sat down with
17 you ten years later and said, abuse and
18 diversion of oxycodone is a major problem
19 in 2013, right?
20 A. That's what they say here.
21 Q. Okay. And they say you are
22 responsible for monitoring or reviewing
23 your -- the orders that are coming in,
24 right?

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1 A. That's correct.
2 Q. Okay. They stress the
3 obligation of you doing due diligence on
4 your customers, right?
5 MS. VANNI: Object to form.
6 THE WITNESS: I think DEA in
7 this paragraph is providing
8 multiple areas of guidance around
9 how companies should be improving
10 their suspicious order monitoring
11 systems.
12 BY MR. BUCHANAN:
13 Q. And this was talking to you,
14 right? This was a meeting with you?
15 A. This was a meeting between
16 Qualitest and the DEA, correct.
17 Q. Right. Okay. Let's go to
18 1824.4. Actually, let's -- let's hit the
19 carryover, if we could from the prior
20 page.
21 There's a discussion of the
22 review of the graphs with you. Do you
23 see that? We looked at some of those
24 graphs in the prior exhibit.

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1 Do you recall?
2 A. Oh, is that where it says at
3 the conclusion of?
4 Q. Yeah, it says, "At the
5 conclusion of the PowerPoint
6 presentation, SC Levin presented graphs
7 documenting the distribution of
8 oxycodone 15 and 30-milligram tablets and
9 hydrocodone 10/325 and 10/500-milligram
10 tablets by Qualitest."
11 Did I read that correctly?
12 A. Correct.
13 Q. These distributions were
14 derived from ARCOS reports submitted by
15 Qualitest under specific NDC numbers.
16 Do you see that?
17 A. I see it.
18 Q. And so what Qualitest does,
19 it submits information to the DEA on its
20 sales and shipments, right?
21 A. Yeah, we're -- we are
22 required to do that.
23 Q. So the data concerning your
24 sales and shipments you've got in your

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1 own computer systems, right?
2 A. We have data on our sales.
3 Q. Sure. That was my question.
4 A. Who we -- who we shipped --
5 who we sold our products to.
6 Q. Sure. That's one piece of
7 information you have, right?
8 MS. VANNI: Object to form.
9 BY MR. BUCHANAN:
10 Q. I mean, you have information
11 obviously on who placed an order and the
12 product you ship to them, right?
13 A. Correct.
14 Q. And then you have other data
15 within the company, data known as
16 chargeback data, sometimes data purchased
17 from outsiders called IMS data from which
18 you can discern really your product in
19 secondary customers' hands, correct?
20 MS. VANNI: Object to form.
21 THE WITNESS: Potentially.
22 Provided that data is in the
23 correct format, provided that the
24 products are actually on contracts

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1 where there actually are
2 chargebacks.
3 But, yes, there is other
4 data that is potentially useful as
5 part of a SOMs program.
6 BY MR. BUCHANAN:
7 Q. Yeah, I mean chargebacks, I
8 guess as part of your supply chain work,
9 maybe you can explain to the jury what a
10 chargeback is.
11 A. So a chargeback is where a
12 product is sold from a wholesaler, which
13 a majority of prescription
14 pharmaceuticals are sold to wholesalers,
15 who then in turn sell them along to
16 retail customers.
17 If there happens to be a
18 contract between the wholesaler and that
19 retail customer that specifies a certain
20 price of the product that is below the
21 price that the wholesaler acquires the
22 product from the manufacturer or
23 distributor, then there is what's called
24 a chargeback, whereas, the wholesaler can

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1 effectively charge back the difference to
2 the manufacturer or distributor, the
3 selling entity.
4 Q. Right. And so -- so the
5 manufacturer doesn't just get into a
6 "trust me" discussion with the
7 distributor on this. The manufacturer
8 requires information back from its
9 wholesaler distributor customer
10 concerning the differential and the
11 volumes that were shipped to particular
12 retail customers, correct?
13 A. Right. Chargeback data is
14 primarily financial data. It's
15 primarily -- its primary use is to
16 reconcile sales -- gross sales to net
17 sales from a, you know, financial
18 statement perspective.
19 Q. And so the company actually
20 has chargeback -- chargeback agreements,
21 and there is a standard data protocol
22 format, an ESI protocol format, to
23 exchange chargeback transaction data back
24 and forth between wholesalers,

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1 distributors and manufacturers, correct?
2 A. Yeah. Some of that data is
3 communicated electronically.
4 Q. Right. It's electronically
5 transmitted, can be assimilated, and then
6 the manufacturer obviously wants to make
7 sure that if the distributor says that it
8 ended up shipping a lot of stuff for more
9 than it paid, that in fact it has data to
10 support that, correct?
11 MS. VANNI: Object to form.
12 THE WITNESS: As I said,
13 it's primarily -- its primary use
14 is financial reconciliation.
15 BY MR. BUCHANAN:
16 Q. Right. But what that
17 provides you with, sir, is visibility to
18 the customers of your customer, correct?
19 MS. VANNI: Objection.
20 THE WITNESS: In the right
21 format, it can provide visibility.
22 BY MR. BUCHANAN:
23 Q. Sure. Data has to be
24 presented in a format for which it can be

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1 understood. But chargeback data provides
2 visibility to the manufacturer to the
3 sales of its distributor, correct?
4 MS. VANNI: Object to form.
5 THE WITNESS: Chargeback
6 data provides certain visibility
7 to downstream transactions.
8 BY MR. BUCHANAN:
9 Q. Right. And what the DEA is
10 saying here at this point in time, is
11 you've got to look at chargeback data,
12 right?
13 MS. VANNI: Object to form.
14 BY MR. BUCHANAN:
15 Q. Can we go to 1824.4. Final
16 paragraph.
17 A. Yeah, if I can just find
18 where it says that.
19 Q. Do you recall seeing it in
20 the document before, sir?
21 A. I have seen the document
22 before.
23 Okay.
24 Q. "SC Levin stated that

<p style="text-align: right;">Page 342</p> <p>1 Qualitest must review the chargeback 2 information which they have access to, 3 immediately address deficiencies in their 4 suspicious order monitoring system, have 5 compliance people visit their customers 6 to review their suspicious order 7 monitoring system, and review the top 8 customers of their customers and pay 9 visits to pharmacies that purchase their 10 products." 11 Did I read that correctly? 12 A. You did. 13 Q. Okay. So quite a few things 14 that you need to start doing, right? 15 MS. VANNI: Object to form. 16 THE WITNESS: As I stated 17 earlier, there was a number of 18 things that the DEA provided 19 guidance on in this meeting that 20 took place in 2013. 21 BY MR. BUCHANAN: 22 Q. What SC Levin told you was 23 that Qualitest's current system, as 24 explained to him by your employees, March</p>	<p style="text-align: right;">Page 344</p> <p>1 list of things that you need to do, 2 right? 3 Do you see that? 4 A. Where are you reading now? 5 Q. Middle of the page. "SC 6 Levin stated that Qualitest must review." 7 A. "Stated that Qualitest must 8 review the chargeback information which 9 they have access to." 10 Is that what you're 11 referring to? 12 Q. Yeah, that's what I'm 13 referring to. Do you see that list of 14 items there? 15 A. I see them. 16 Q. Okay. As of this point in 17 time, sir, was Qualitest reviewing the 18 chargeback data that it had access to as 19 part of its suspicious order monitoring 20 process? 21 A. Prior to this meeting? 22 Q. Mm-hmm. 23 A. I don't believe that prior 24 to this meeting that Qualitest had</p>
<p style="text-align: right;">Page 343</p> <p>1 of 2013, and as seen in the ARCOS data, 2 is inadequate to say the least, correct? 3 A. That's what he states here. 4 Q. Right. He said that 5 Ms. Hernandez, who was then head of DEA 6 compliance, had to go back and educate 7 people on what to do with these 8 controlled substances, right? 9 A. He suggests here that one 10 aspect of how he can improve the program 11 would be to do more education, which was 12 something that we were in fact doing. 13 Q. One of the things that 14 you've got to do is educate Qualitest 15 employees, right? 16 A. Training is an important 17 aspect of any -- not just suspicious 18 order monitoring, but across the entire 19 range of DEA compliance activities. 20 Q. So there's a bit of a run-on 21 there in the middle of that paragraph 22 that I just want to circle back to. 23 It says, "SC Levin stated 24 that Qualitest" -- and then it's got a</p>	<p style="text-align: right;">Page 345</p> <p>1 developed a mechanism to put that data in 2 the right -- in a usable format to look 3 at. 4 Q. Okay. And so the answer to 5 my question would be no, prior to this 6 point in time, Qualitest was not 7 reviewing chargeback data as part of its 8 SOM process, correct? 9 MS. VANNI: Object to form. 10 THE WITNESS: To my -- to my 11 knowledge, Qualitest was reviewing 12 orders, investigating those orders 13 of interest that popped out based 14 on historical parameters, 15 investigating and making a 16 determination as to whether or not 17 those orders were suspicious. 18 If they were suspicious, 19 reporting them to DEA; if not, 20 then shipping them. 21 I don't believe that 22 chargeback data at that point was 23 a significant part of the program. 24 BY MR. BUCHANAN:</p>

<p style="text-align: right;">Page 346</p> <p>1 Q. Next thing that you were 2 supposed to do is immediately address 3 deficiencies in your SOM system, right? 4 A. That's what it says here. 5 Q. So you have that 6 understanding, sir, that as of March of 7 2013, the DEA told you that your SOM 8 system was deficient, right? 9 A. My interpretation of this 10 document is that DEA was providing us 11 guidance across a number -- number of 12 areas of our SOM system as to how we 13 could improve. 14 In fact from the time 15 that -- from the 2011 time frame onwards, 16 prior to this meeting, we had already 17 identified a number of areas within our 18 overall DEA compliance responsibilities 19 where we could enhance and improve, not 20 just within suspicious order monitoring, 21 but across the full range of DEA 22 compliance. 23 MR. BUCHANAN: Move to 24 strike as nonresponsive, sir.</p>	<p style="text-align: right;">Page 348</p> <p>1 Q. Right. So you shouldn't be 2 selling your product to a customer that 3 doesn't have a suspicious order 4 monitoring system, right? 5 MS. VANNI: Object to form. 6 THE WITNESS: We should be 7 ensuring that customers that we're 8 selling product to have proper 9 controls in place. 10 BY MR. BUCHANAN: 11 Q. Because this closed system 12 doesn't work if you're selling it -- if 13 you're keeping it in the vault, in the 14 manufacturing center and in the warehouse 15 at the distribution center, system breaks 16 down if you start selling it to customers 17 who really aren't maintaining suspicious 18 order systems themselves, right? 19 MS. VANNI: Object to form. 20 THE WITNESS: It's important 21 that we take the appropriate steps 22 to ensure that our customers have 23 adequate controls in place to 24 mitigate the risk of diversion and</p>
<p style="text-align: right;">Page 347</p> <p>1 BY MR. BUCHANAN: 2 Q. My question to you was, you 3 had the understanding that as the DEA 4 related to you in March of 2013, your SOM 5 system was deficient, correct? 6 MS. VANNI: Object to form. 7 THE WITNESS: I'm not 8 interpreting DEA's comment here 9 that our entire SOM system was 10 deficient. 11 BY MR. BUCHANAN: 12 Q. Well, the DEA told you, you 13 had to immediately address deficiencies 14 in the suspicious order monitoring 15 system, correct? 16 A. Those are DEA's words. 17 Q. Understood. That was my 18 question. It said you had to have 19 compliance people visit Qualitest's 20 customer to review their suspicious order 21 monitoring system, correct? 22 A. That was one of the 23 recommendations -- excuse me. That was 24 one of the recommendations that DEA made.</p>	<p style="text-align: right;">Page 349</p> <p>1 abuse, to mitigate that risk. 2 That doesn't mean that somebody 3 who has a valid prescription for a 4 product then gets that filled by a 5 physician, can't divert that 6 product. 7 It's -- our job is to make 8 sure that within the distribution 9 of that product, to the ultimate 10 customer, that we have the proper 11 controls in place. 12 BY MR. BUCHANAN: 13 Q. Okay. And so the answer to 14 my question is, you've got to make sure 15 your customers have good practices, 16 procedures, and suspicious order 17 monitoring protocols to ensure there's 18 not diversion of product, correct? 19 A. We should be making sure 20 they have adequate controls in place. 21 That's what I stated. 22 Q. And then you've also got to 23 look at the top customers of your 24 customers, right?</p>

<p style="text-align: right;">Page 350</p> <p>1 A. "Review the top customers of 2 their customers and pay visits to 3 pharmacies that purchase their products." 4 Q. When they say their 5 customers, they are referring to 6 Qualitest there, right? 7 A. Correct. 8 Q. Okay. So review the top 9 customers of Qualitest and pay visits to 10 pharmacies that purchase their products, 11 right? 12 A. That's what it says. 13 Q. Okay. And this is supposed 14 to be done by compliance people, but not 15 salespeople, right? 16 MS. VANNI: Object to form. 17 THE WITNESS: DEA is 18 suggesting here that it should be 19 done by compliance people. 20 BY MR. BUCHANAN: 21 Q. And that's not the first 22 time you've heard that, right, as of 23 March of 2013? 24 MS. VANNI: Object to form.</p>	<p style="text-align: right;">Page 352</p> <p>1 preparation? 2 A. I have knowledge -- 3 MS. VANNI: Objection. It's 4 not a memory test. 5 THE WITNESS: Like I said, 6 I've reviewed a lot of documents. 7 I don't remember exactly what they 8 all said. 9 I know that part of a 10 suspicious order monitoring system 11 is visiting customers. And in 12 fact, we were doing that prior to 13 the meeting in 2013. 14 BY MR. BUCHANAN: 15 Q. Okay. Well then, please 16 tell me which customers Qualitest had 17 visited with its compliance team prior to 18 the meeting with the DEA. 19 A. I don't have a list of 20 specific customers that were visited. I 21 do know that our sales organization was 22 visiting customers on a somewhat regular 23 basis. 24 Q. Oh, sales folks.</p>
<p style="text-align: right;">Page 351</p> <p>1 THE WITNESS: It's not the 2 first time that I've heard? 3 BY MR. BUCHANAN: 4 Q. That's not the first time 5 Qualitest heard that -- 6 A. That it should visit 7 customers? 8 Q. -- that it -- yeah. 9 A. In fact, we were visiting 10 customers. 11 Q. No, it's not the first time 12 that Qualitest heard, in March of 2013, 13 that it shouldn't have -- it should have 14 compliance people visiting customers, 15 rather than sales or customer service 16 people visiting customers. 17 MS. VANNI: Object to form. 18 THE WITNESS: Is there a 19 specific document we're referring 20 to there? 21 BY MR. BUCHANAN: 22 Q. Do you have that knowledge, 23 sir? You don't have that knowledge 24 sitting here today as part of your</p>	<p style="text-align: right;">Page 353</p> <p>1 A. Prior to 2013. 2 Q. Sales folks. 3 A. That's correct. 4 Q. Okay. Yet you don't see the 5 conflict of interest in that, sir? 6 MS. VANNI: Object to form. 7 THE WITNESS: I wouldn't 8 make a broad-based assumption that 9 a salesperson doesn't have the 10 ability or the integrity to visit 11 a customer and make a 12 determination as to whether that 13 customer potentially was diverting 14 product. 15 BY MR. BUCHANAN: 16 Q. Okay. 17 A. In fact, a salesperson with 18 their specific knowledge of the customer 19 and their experience might be in a very 20 good position to do that. 21 Q. How many -- how many 22 suspicious customers did your sales folks 23 report out to DEA compliance and 24 ultimately to the DEA?</p>

<p style="text-align: right;">Page 354</p> <p>1 A. I don't have the exact 2 number. I don't have those details. 3 Q. Any? Did they report any? 4 A. During what time frame are 5 you referring to? 6 Q. We're talking about prior to 7 this meeting with the DEA in March of 8 2013. I think you're telling us that 9 even though SC Levin is telling you, 10 you've got to get your people out there, 11 you've got to due diligence -- do due 12 diligence, you've got to build a file, 13 you're saying to me that you were doing 14 this before the meeting with the DEA? 15 MS. VANNI: Objection. 16 Misstates his testimony. 17 BY MR. BUCHANAN: 18 Q. Did I just misstate your 19 testimony? 20 A. Let me clarify. What I'm 21 suggesting, what I'm saying is that we -- 22 we had salespeople visiting customers 23 prior to 2013. 24 I'm not debating the point,</p>	<p style="text-align: right;">Page 356</p> <p>1 there, would have reported that back. 2 Q. You're speculating. 3 MS. VANNI: Object to form. 4 BY MR. BUCHANAN: 5 Q. You're hoping that's what 6 would happen. 7 MS. VANNI: Object to form. 8 THE WITNESS: That's not 9 my -- 10 BY MR. BUCHANAN: 11 Q. Did you have an SOP or a 12 guidance that guided your sales team to 13 report that back to you? 14 A. I don't believe we had a 15 specific SOP -- S and OP -- SOP in place 16 to guide those visits until later. 17 Q. When it became a DEA 18 compliance function? 19 A. I'm just telling you that we 20 were doing -- we were visiting our 21 customers. 22 Q. Of course. You were trying 23 to sell more drugs. 24 MS. VANNI: Objection.</p>
<p style="text-align: right;">Page 355</p> <p>1 as DEA is suggesting, that it's best 2 practice as part of your evolution of 3 your program to move that responsibility 4 into a more dedicated compliance 5 function, which is, in fact, what we did 6 subsequent to 2013 and had already 7 identified prior to the meeting in 2013 8 that that was something, you know, that 9 would further enhance our program. 10 Q. Okay. But -- I appreciate 11 the clarification, sir, but what you 12 called to our attention is that you were 13 actually handling that function, you 14 were -- you had salespeople meeting your 15 customers and you said they were doing 16 due diligence. 17 Do I understand your 18 testimony correctly? 19 A. What I'm suggesting is we 20 had salespeople visiting customers. And 21 certainly those salespeople would have 22 been observing the customer, would have 23 been observing the customer's practices, 24 and if there was something objectionable</p>	<p style="text-align: right;">Page 357</p> <p>1 BY MR. BUCHANAN: 2 Q. That's what sales does. 3 Sales sells, right? 4 MS. VANNI: Objection. 5 BY MR. BUCHANAN: 6 Q. Isn't that what the sales 7 function is designed to do, sir, to sell? 8 A. Sales has a primary 9 responsibility to sell product. Sales 10 has other responsibilities that, you 11 know, get into the compliance part of the 12 business. 13 Q. Please cite for me somewhere 14 sir, in your sales SOPs or in your 15 guidance where your sales force was 16 instructed to do the due diligence on 17 suspicious orders and suspicious 18 customers. 19 A. I'm not pointing to an SOP. 20 Q. I'm asking you to do so. 21 A. We didn't have -- I'm -- 22 I -- I am not able to do that. 23 Q. Okay. So we can agree, sir, 24 that there's nothing in writing where you</p>

<p style="text-align: right;">Page 358</p> <p>1 have trained your sales team up to 2 identify pharmacies that have cages and 3 bars and waiting rooms that are crowded 4 and it's all crash transactions, that are 5 pill mills. 6 We can agree that there's 7 not a training that you provided that 8 required the salespeople to report that 9 up to compliance, right? 10 A. I'm not aware of any 11 specific training. What I'm telling you 12 is that we had salespeople regularly 13 visiting customers. And those 14 salespeople had the integrity that if 15 they would have seen something as you've 16 described, they would have reported that 17 back. 18 Q. Okay. Well, so how many 19 suspicious customers did your salespeople 20 report back to the company based on it's 21 many, many sales visits between 2010 and 22 2013? 23 A. I don't have that specific 24 information.</p>	<p style="text-align: right;">Page 360</p> <p>1 THE WITNESS: I wouldn't 2 characterize it that way. 3 BY MR. BUCHANAN: 4 Q. No, because it's not good. 5 MS. VANNI: Objection. 6 THE WITNESS: We had 7 programs in place where we were 8 reviewing orders against 9 historical parameters. We were 10 flagging those orders as of 11 interest. We were investigating 12 those orders and making a 13 determination as to whether they 14 were suspicious or not. 15 BY MR. BUCHANAN: 16 Q. Okay. We're going to break 17 this down a little bit, because Qualitest 18 also had some people come in and take a 19 look at its systems over the years, 20 right? 21 A. As I said earlier, we 22 periodically have consultants come in and 23 look at our systems. 24 MR. BUCHANAN: Can I have</p>
<p style="text-align: right;">Page 359</p> <p>1 Q. Any? 2 A. I'm not aware of any. I'm 3 just explaining to you what we were doing 4 during that time frame. 5 Q. Well, we know none were 6 reported to the DEA, right? There were 7 no reports to the DEA of a suspicious 8 customer or a suspicious order or 9 suspicious activity prior to the meeting 10 with the DEA in March 2013, right? 11 MS. VANNI: Object to form. 12 BY MR. BUCHANAN: 13 Q. None. 14 A. We did not have -- we were 15 not reporting suspicious orders because 16 our systems and processes were not 17 identifying suspicious orders. 18 Q. Y'all weren't doing 19 anything? 20 A. I wouldn't -- 21 MS. VANNI: Object. 22 BY MR. BUCHANAN: 23 Q. No due diligence, right? 24 MS. VANNI: Object to form.</p>	<p style="text-align: right;">Page 361</p> <p>1 581, please. 2 BY MR. BUCHANAN: 3 Q. And just to clarify this, 4 this thing about the sales team. 5 (Document marked for 6 identification as Exhibit 7 Endo-Macrides-21.) 8 BY MR. BUCHANAN: 9 Q. Passing you what we've 10 marked as 581 -- excuse me. That's my 11 internal numbering. 12 MR. BUCHANAN: What's the 13 numbering on it? 14 MR. BACHMANN: It is 21. 15 BY MR. BUCHANAN: 16 Q. Exhibit 21. This is a 17 PowerPoint that Ms. Hernandez circulated 18 shortly after the meeting, about a week 19 after the meeting with the DEA in March 20 of 2013, right? 21 A. March 13th, yes. 22 Q. Okay. It says, "Attached is 23 a slide deck we will be reviewing with 24 you at this morning's 8:00 a.m. central</p>

<p style="text-align: right;">Page 362</p> <p>1 time meeting." 2 So you meet with the DEA. 3 PowerPoint deck is put together. It's 4 sent around, talking about critical 5 elements of DEA compliance, if you go to 6 581.5. 7 "Suspicious order 8 monitoring. Implement a solution that 9 proactively discloses suspicious orders." 10 Do you see that? 11 A. I see that. 12 Q. Okay. You recognize 13 "implement" to mean make? 14 MS. VANNI: Object to form. 15 BY MR. BUCHANAN: 16 Q. Install? 17 MS. VANNI: Same objection. 18 THE WITNESS: I recognize 19 "implement" to mean in this 20 context continue to evolve and 21 improve our program. 22 BY MR. BUCHANAN: 23 Q. Okay. Let's go to the next 24 page, sir. 581.6.</p>	<p style="text-align: right;">Page 364</p> <p>1 the end was you need to visit your 2 customers, right? 3 A. Right. 4 Q. And you had to hire people 5 to put boots on the ground to do that, 6 right? 7 MS. VANNI: Object to form. 8 THE WITNESS: What we did 9 was move the responsibility for 10 visiting customers in the context 11 of suspicious order monitoring 12 into a dedicated DEA compliance 13 team. That's what we hired people 14 to do. 15 BY MR. BUCHANAN: 16 Q. Right. So the visiting 17 customers perspective of the sales team 18 is selling product, and so you actually 19 had to get a compliance hat on and start 20 making sure that you weren't selling 21 stuff to people who were not legitimate 22 pharmacies, not legitimate distributors 23 who were selling it to pharmacies who 24 weren't real, not selling it for --</p>
<p style="text-align: right;">Page 363</p> <p>1 "DEA SOMs feedback. You 2 need to differentiate between the sales 3 team role and the DEA compliance role. 4 You need to visit your customers!" 5 Do you see that? 6 A. I see that. 7 Q. You had your people in the 8 room with the DEA a week earlier, right? 9 A. We did. 10 Q. Your people could have told 11 the DEA precisely what the company was 12 doing, right? 13 MS. VANNI: Object to form. 14 BY MR. BUCHANAN: 15 Q. I suspect they probably did, 16 right? 17 MS. VANNI: Object to form. 18 THE WITNESS: I'm sure there 19 was some communication around what 20 we were currently doing with our 21 programs. 22 BY MR. BUCHANAN: 23 Q. Right. And the message you 24 heard back with an exclamation point on</p>	<p style="text-align: right;">Page 365</p> <p>1 withdrawn. 2 A. I think if you go back -- 3 MS. VANNI: He withdrew the 4 question. 5 MR. BUCHANAN: It's 6 withdrawn. It's withdrawn. Going 7 to move us forward. 8 BY MR. BUCHANAN: 9 Q. "You need to use chargeback 10 data to understand what your customers' 11 customers are doing," correct? 12 A. Yes. That was one of the 13 suggestions DEA made. 14 Q. "You need to use." It 15 doesn't sound much like a suggestion. 16 It's you need to, right? 17 MS. VANNI: Object to form. 18 THE WITNESS: Yeah, we saw 19 this in the letter, the DEA -- 20 BY MR. BUCHANAN: 21 Q. Right. "You need to use the 22 chargeback data." "You need to 23 differentiate between the sales team role 24 and the DEA compliance role."</p>

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1 It's good sense, right?
2 MS. VANNI: Object to form.
3 THE WITNESS: I think I
4 testified that that would be a
5 best practice evolution of your
6 program.
7 BY MR. BUCHANAN:
8 Q. I mean, did you need
9 somebody to tell you that?
10 MS. VANNI: Object to form.
11 BY MR. BUCHANAN:
12 Q. That the sales folks were
13 about selling and the compliance people
14 were about compliance?
15 MS. VANNI: Same objection.
16 THE WITNESS: As I -- as I
17 stated earlier, we had already
18 identified prior to the meeting in
19 2013 that there were enhancements
20 that we needed and wanted to make
21 to our program.
22 BY MR. BUCHANAN:
23 Q. Right. We'll talk about
24 that in a moment.

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1 Next, "You must know the
2 customers you're selling to," right?
3 "You must know the customers you're
4 selling to."
5 Do you see that?
6 A. That's what it says here.
7 Q. Scrolling down. "Look at
8 the charts provided." And again, this is
9 the DEA communicating to the company as
10 related by Ms. Hernandez, right? DEA
11 SOMs feedback?
12 A. She's summarizing the
13 meeting with DEA.
14 Q. Right. "Look at the charts
15 provided. We will visit your site and we
16 want to see an improvement in six
17 months," right?
18 A. That's what it says here.
19 Q. It says you've got a
20 six-month window, straighten up?
21 MS. VANNI: Object to form.
22 THE WITNESS: They said they
23 would like to see some of these
24 improvements they suggested

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1 implemented over a six-month time
2 period.
3 BY MR. BUCHANAN:
4 Q. Mm-hmm. "We will visit your
5 site and we want to see an improvement in
6 six months. We will not look the other
7 way if someone screws up."
8 And they told you what the
9 consequence was, right?
10 A. Well, it's pretty clear what
11 the consequences of not abiding by the
12 regulations are.
13 Q. Right. Well, this is the
14 point in time when the company took
15 action, when it knew that it could get
16 its licenses revoked when its business
17 was threatened?
18 MS. VANNI: Object to form.
19 THE WITNESS: I don't agree
20 with that characterization at all.
21 BY MR. BUCHANAN:
22 Q. Okay. We'll look at what
23 happened over time throughout the day
24 today.

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1 "You need to visit your
2 customers' customers and document your
3 findings," right?
4 A. That's what it says.
5 Q. Okay. You weren't visiting
6 your customers' customers prior to this
7 point in time, right?
8 A. As I said, we had
9 salespeople doing visits to customers.
10 I'm not sure exactly what customers they
11 were going to. But they were visiting
12 customers.
13 Q. Right. But they weren't
14 visiting customers of customers, right?
15 A. I couldn't -- I couldn't
16 tell you whether they were or they
17 weren't.
18 Q. And then the DEA told you
19 unequivocally, you cannot sell these
20 products until you've satisfactorily
21 closed out the investigation, right?
22 A. Yes.
23 Q. Right. You can't ship until
24 you've done thorough due diligence,

<p style="text-align: right;">Page 370</p> <p>1 right?</p> <p>2 A. Right, which was already</p> <p>3 part of our program. We were reviewing</p> <p>4 orders. We were making a determination</p> <p>5 of whether those orders --</p> <p>6 MR. BUCHANAN: Move to</p> <p>7 strike --</p> <p>8 THE WITNESS: -- exceeded</p> <p>9 historical parameters and we were</p> <p>10 investigating as appropriate.</p> <p>11 MR. BUCHANAN: Move to</p> <p>12 strike.</p> <p>13 BY MR. BUCHANAN:</p> <p>14 Q. You had the knowledge, sir,</p> <p>15 that you were not permitted to sell the</p> <p>16 products until you had done satisfactory</p> <p>17 due diligence and closed out the</p> <p>18 investigation, right?</p> <p>19 A. Correct, which is, in fact,</p> <p>20 what we were doing.</p> <p>21 MR. BUCHANAN: Move to</p> <p>22 strike.</p> <p>23 BY MR. BUCHANAN:</p> <p>24 Q. If you fail to adhere to</p>	<p style="text-align: right;">Page 372</p> <p>1 Endo-Macrides-22.)</p> <p>2 BY MR. BUCHANAN:</p> <p>3 Q. Passing you Exhibit 22 to</p> <p>4 your deposition. It's a series of slide</p> <p>5 decks.</p> <p>6 Okay. It's a --</p> <p>7 Mr. Brantley is forwarding an e-mail</p> <p>8 to -- it looks like himself.</p> <p>9 Ericbrantley@mahoganymoon.com.</p> <p>10 SOM 101, SOM customer</p> <p>11 resource, SOM Training 3.</p> <p>12 Is Mr. Brantley still with</p> <p>13 the company?</p> <p>14 A. No.</p> <p>15 Q. Sending it to himself when</p> <p>16 he was leaving?</p> <p>17 MS. VANNI: Object to form.</p> <p>18 BY MR. BUCHANAN:</p> <p>19 Q. Do you know when he left?</p> <p>20 A. Sometime in 2017.</p> <p>21 Q. Okay.</p> <p>22 He forwards a series of</p> <p>23 PowerPoints. Suspicious Order Monitoring</p> <p>24 101 -- excuse me. Suspicious order</p>
<p style="text-align: right;">Page 371</p> <p>1 your responsibilities, you present a</p> <p>2 danger to the public. That's what you</p> <p>3 were told, right?</p> <p>4 A. Those were DEA's words.</p> <p>5 Q. Okay. People are dying.</p> <p>6 Kids are born addicted. These people</p> <p>7 wouldn't have the drugs if it weren't for</p> <p>8 who?</p> <p>9 A. Do you want me to read</p> <p>10 what's here?</p> <p>11 Q. Yeah. What's it say?</p> <p>12 A. "If it weren't for</p> <p>13 manufacturers and distributors."</p> <p>14 Q. Okay. And Qualitest in this</p> <p>15 instance -- instance was both, right?</p> <p>16 A. Qualitest was a manufacturer</p> <p>17 and a distributor.</p> <p>18 Q. Mm-hmm. Okay. All right.</p> <p>19 So -- I just want to make</p> <p>20 sure we're not confused on a point, sir.</p> <p>21 MR. BUCHANAN: What exhibit</p> <p>22 will this be? 23?</p> <p>23 (Document marked for</p> <p>24 identification as Exhibit</p>	<p style="text-align: right;">Page 373</p> <p>1 monitoring SOM 101. History current</p> <p>2 state, notes, et cetera.</p> <p>3 I'd like to take you to</p> <p>4 589.22, what's referred to as, "The</p> <p>5 Meeting."</p> <p>6 Do you see that?</p> <p>7 A. I'm getting there.</p> <p>8 Q. What we were told.</p> <p>9 A. Okay. I'm there.</p> <p>10 Q. Okay.</p> <p>11 A. If I could just have a</p> <p>12 minute to look at this.</p> <p>13 Q. What we were told. The</p> <p>14 meeting. Make comparisons to national</p> <p>15 averages. Separation between sales and</p> <p>16 SOMs/DEA compliance.</p> <p>17 Do you see that?</p> <p>18 MS. VANNI: You can review</p> <p>19 the document.</p> <p>20 THE WITNESS: I see that.</p> <p>21 BY MR. BUCHANAN:</p> <p>22 Q. "Sales is seen as a conflict</p> <p>23 of interest." Do you see that?</p> <p>24 A. I see that.</p>

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1 Q. "Customers must be visited.
2 Visits are not to be conducted by sales."
3 Correct?
4 A. Correct.
5 Q. Prior to 2013, sir, the only
6 visits with customers were being done by
7 sales, correct?
8 A. I believe that's what I
9 testified.
10 Q. Okay. And where would we
11 find -- I think you said the sales team
12 would provide its due diligence on its
13 meetings with customers, right? If the
14 sales team saw something?
15 A. I said that if the sales
16 team saw something objectionable, they
17 would come back with that information.
18 That's what I said.
19 Q. Okay. And so where did the
20 company keep its due diligence files that
21 these sales reps generated?
22 MS. VANNI: Object to form.
23 THE WITNESS: I'm not aware
24 of due diligence files from those

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1 sales visits. There may have been
2 communications between the sales
3 personnel and the compliance
4 personnel if there was something
5 that needed to be discussed.
6 I don't know to what extent
7 those were documented.
8 BY MR. BUCHANAN:
9 Q. As part of your preparation,
10 sir, to testify for the company, are you
11 aware of any communications from sales
12 reps with compliance that led to cutting
13 an order for a particular client?
14 A. I don't recall any specific
15 documents.
16 Q. And I'm focused on this pre
17 March of 2013 time frame.
18 A. I don't recall.
19 Q. Okay. Any communications
20 from sales representatives who were
21 supposedly, in your words, doing due
22 diligence?
23 A. I don't recall any specific
24 documents that I reviewed. As I

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1 testified, I only had salespeople
2 visiting customers.
3 Q. Right. And your sales reps
4 were doing sales calls, right?
5 A. They were visiting
6 customers.
7 MS. VANNI: Object to form.
8 BY MR. BUCHANAN:
9 Q. To do sales calls, right,
10 sir?
11 MS. VANNI: Object to form.
12 THE WITNESS: They were
13 visiting customers. That's my
14 answer.
15 BY MR. BUCHANAN:
16 Q. Okay. And we could agree
17 that you're not aware of any visit with a
18 customer that resulted in a report from a
19 sales rep that led to a report to the
20 DEA, correct?
21 MS. VANNI: Objection.
22 Asked and answered.
23 THE WITNESS: As I
24 testified, I'm not aware of any

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1 documents documenting those
2 visits.
3 BY MR. BUCHANAN:
4 Q. Not aware of any document
5 from a sales rep with a customer that led
6 to cutting or refusing to ship an order,
7 right?
8 A. I'm not aware of any
9 documentation around that specific issue.
10 Q. Okay. So what you are aware
11 of, sir, is that due diligence actually
12 commenced after the DEA sat down with you
13 and said your license could be revoked if
14 you don't shape up, right?
15 MS. VANNI: Object to form.
16 THE WITNESS: I wouldn't
17 characterize it that way. I
18 would --
19 BY MR. BUCHANAN:
20 Q. Well, we could agree that
21 that's when the company started to do due
22 diligence visits, after the DEA sat down
23 with them in March 2013 and said the
24 consequences are severe.

<p style="text-align: right;">Page 378</p> <p>1 MS. VANNI: Object to form. 2 THE WITNESS: Prior to 2013, 3 the company had already recognized 4 that it needed to make certain 5 enhancements to its DEA compliance 6 program across a number of areas. 7 BY MR. BUCHANAN: 8 Q. Had not instituted due 9 diligence visits prior to sitting down 10 with the DEA in March of 2013, yes or no? 11 MS. VANNI: Objection. 12 Asked and answered. 13 THE WITNESS: The company 14 had recognized that it needed to 15 make improvements to its 16 suspicious order monitoring 17 system, including increasing 18 customer visits prior to the 19 meeting with DEA. 20 BY MR. BUCHANAN: 21 Q. You never quite got there 22 until the DEA sat down with you, right? 23 MS. VANNI: Object to form. 24 THE WITNESS: Subsequent to</p>	<p style="text-align: right;">Page 380</p> <p>1 that you're not aware of any customer due 2 diligence visits relevant to SOMs, 3 correct? 4 MS. VANNI: Objection. 5 THE WITNESS: I said I'm not 6 aware of any -- I said we were -- 7 we had salespeople visiting 8 customers. I said I wasn't aware 9 of any documentation as it related 10 to SOMs-specific components of 11 those visits. 12 BY MR. BUCHANAN: 13 Q. The first due diligence 14 visits you're aware of that relate to 15 SOMs occurred after March of 2013, 16 correct, sir? 17 A. The first due diligence 18 visits -- 19 MS. VANNI: Object to form. 20 THE WITNESS: -- by DEA 21 compliance people, as part of a 22 DEA compliance team that we had 23 put together were done post the 24 DEA meeting in 2013. That's</p>
<p style="text-align: right;">Page 379</p> <p>1 2013, or during 2013, we were -- 2 we were continuing to make 3 enhancements to our program -- 4 BY MR. BUCHANAN: 5 Q. After -- 6 A. -- using -- using the 7 guidance the DEA provided to us in the 8 meeting. 9 Q. Okay. 10 A. Along with other inputs that 11 we had gotten prior to the meeting in 12 2013. 13 Q. So the answer to my 14 question, sir, is, prior to 2013, you're 15 not aware of any customer due diligence 16 visits concerning SOMs, correct? 17 A. I said I'm not aware of any 18 documentation. 19 Q. Okay. 20 A. Around any customer 21 visits -- 22 Q. Okay. 23 A. -- specific to SOMs. 24 Q. Okay. Which would also mean</p>	<p style="text-align: right;">Page 381</p> <p>1 correct. 2 MR. BUCHANAN: Okay. And 3 just can we pull up, please, 4 Exhibit 6 again. 5 THE WITNESS: Which one was 6 that? 7 BY MR. BUCHANAN: 8 Q. I put it up on the screen 9 for you. 10 And so in this meeting with 11 the DEA in March of 2013, the DEA told 12 you that your current system was 13 inadequate to say the least, correct, 14 sir? 15 A. That was how DEA 16 characterized it. I wouldn't agree with 17 that characterization. 18 Q. Okay. DEA told you the 19 things that needed to be changed 20 imminently over the next six months, and 21 they were going to get back with you, 22 right? 23 MS. VANNI: Object to form. 24 THE WITNESS: DEA made</p>

<p style="text-align: right;">Page 382</p> <p>1 suggestions of areas where we 2 could improve and enhance our 3 program and they said they would 4 like to come back in six months 5 and see how many of those we 6 implemented. 7 BY MR. BUCHANAN: 8 Q. Okay. And so we can agree, 9 sir, that prior to this meeting with the 10 DEA, certainly in 2012, you shipped 11 3.2 billion pills and other units of 12 opioid-containing products, correct, sir? 13 MS. VANNI: Object to form. 14 THE WITNESS: In 2012, we 15 shipped 3.2 billion. 16 BY MR. BUCHANAN: 17 Q. During the time when, 18 according to the DEA, your SOMs were 19 inadequate to say the least? 20 MS. VANNI: Object to form. 21 BY MR. BUCHANAN: 22 Q. Correct? 23 A. In 2012, we were reviewing 24 orders that came in for these products</p>	<p style="text-align: right;">Page 384</p> <p>1 historical parameters, and any 2 orders of interest would have been 3 investigated. 4 BY MR. BUCHANAN: 5 Q. Okay. Which -- which orders 6 in 2008, 2009, 2010, 2011, or 2012 did 7 the company report to the DEA as 8 suspicious? 9 A. I don't believe we had 10 identified any suspicious orders during 11 that time frame based on our review of 12 the orders and investigation. 13 Q. Which of the orders that the 14 company received between 2008, 2009, 15 2010, 2011, and 2012 -- I mean, that 16 looks like -- I don't know. What is 17 that, 10 billion pills? Is that 10 18 billion pills, sir? Withdrawn. I'll do 19 the math first and give you a clean 20 question. 21 MS. VANNI: Can we take a 22 break too? 23 MR. BUCHANAN: After this, 24 sure.</p>
<p style="text-align: right;">Page 383</p> <p>1 against historical parameters, 2 identifying orders of interest and 3 investigating those. 4 MR. BUCHANAN: Move to 5 strike. Nonresponsive. 6 BY MR. BUCHANAN: 7 Q. In 2011, you shipped 8 2.3-plus billion units and pills, various 9 opioid-containing products, right? 10 MS. VANNI: Objection. 11 Beyond the scope of his 30(b)(6). 12 THE WITNESS: In 2011 we 13 shipped 2.4 billion of the 14 products listed on this list. 15 BY MR. BUCHANAN: 16 Q. During a period when, 17 according to the DEA, your SOMs were 18 inadequate to say the least, right? 19 MS. VANNI: Object to form. 20 THE WITNESS: I don't 21 agree -- I don't agree with that 22 characterization. These orders 23 for the products that were shipped 24 in 2011 were reviewed against</p>	<p style="text-align: right;">Page 385</p> <p>1 BY MR. BUCHANAN: 2 Q. Sir, it looks like between 3 2008 and 2012, the company shipped 4 between eight and a half or 9 billion 5 pills. Does that sound about right? 6 A. It looks about right. 7 Q. Okay. Between 8 and 9 8 billion, fair? 9 A. Fair. 10 Q. Okay. For the 8 to 9 11 billion pills or at least the orders that 12 generated shipments of those amount, 13 which of those orders did the company 14 pend and refuse to ship? 15 A. I don't have the specific 16 details on what orders were reviewed. I 17 can only speak to the fact that we had a 18 process where orders were reviewed. 19 Q. So between this point in 20 time during which 8 to 9 billion pills 21 were shipped pursuant to various orders, 22 you're not aware of a single order that 23 was reported to the DEA by Qualitest, 24 correct?</p>

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1 A. I am not aware of a
2 suspicious order that had been identified
3 that would subsequently have been
4 reported to DEA.
5 Q. You're not aware of a single
6 order that was not shipped during this
7 period of time?
8 A. I'm not aware of an order
9 that was identified as suspicious and was
10 not shipped. That's not to say there
11 weren't any. I'm not aware of them.
12 MR. BUCHANAN: Let's take a
13 break.
14 THE VIDEOGRAPHER: Off the
15 record at 3:13 p.m.
16 (Short break.)
17 THE VIDEOGRAPHER: We are
18 back on the record at 3:32 p.m.
19 BY MR. BUCHANAN:
20 Q. Okay. Sir, I'm passing you
21 over a stack of exhibits. We'll go
22 through them in sequence. There's -- why
23 don't we start with what's been marked as
24 Exhibit Number 23.

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1 (Document marked for
2 identification as Exhibit
3 Endo-Macrides-23.)
4 MR. BUCHANAN: Charles,
5 could you pass a copy for defense
6 counsel.
7 BY MR. BUCHANAN:
8 Q. For the record, it's
9 internally labeled as E-1051. If we can
10 pull up that on the screen. E-1051, sir,
11 is an e-mail to John Schultz, Mike
12 Reiney, Charles Propst, others.
13 Do you recognize any of
14 those names?
15 A. I recognize most of the
16 names.
17 Q. Okay. And a Mr. Mapes, a
18 former DEA agent, conducted an audit of
19 your facility in 2008 and provided a
20 report of that back to Qualitest
21 Pharmaceuticals.
22 Do you see that?
23 A. Right. Michael Mapes was
24 brought in to do an audit.

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1 Q. Who is Michael Mapes?
2 A. I don't personally know him.
3 I believe he had been an ex-DEA person
4 who had gone into consulting.
5 Q. Okay. So this is reporting
6 on a -- reporting on a visit of Mr. Mapes
7 on an audit, from August 19 and 20 of
8 2008, correct?
9 A. Correct.
10 Q. Of Qualitest, correct?
11 A. Correct.
12 Q. Met with several individuals
13 from Qualitest, correct?
14 A. He did.
15 Q. Reviewed the practices as
16 described to him and whatever paperwork
17 surrounded that, correct?
18 A. Correct.
19 Q. He indicates the issues that
20 were noted during the review were
21 reporting of suspicious orders to DEA in
22 addition to reporting suspicious sales.
23 Do you see that?
24 A. I see that.

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1 Q. Okay. Also noted is selling
2 quantities of controlled substances that
3 are under the Qualitest thresholds to
4 pharmacies that have reached the
5 thresholds with other distributors is an
6 issue considered, correct, sir?
7 A. That's what he identifies
8 here.
9 Q. Mr. Tatum was in what
10 function?
11 A. I believe he was in the
12 sales and marketing function at that
13 time.
14 Q. Okay. And so Mr. Tatum is
15 somebody who had a role and involvement
16 for order review at this point in time,
17 correct?
18 A. As I understand it.
19 Q. The SOP, it's referring to
20 review of -- let's talk about details at
21 the bottom.
22 MR. BUCHANAN: I'm sorry.
23 Can you please go to .2. Thank
24 you.

<p style="text-align: right;">Page 390</p> <p>1 BY MR. BUCHANAN: 2 Q. In the middle it says the 3 issues were noted during the review, and 4 we talked about 1 and 2. 5 Do you recall that, sir? 6 A. Right. 7 Q. Okay. And then the details 8 are spelled out below. And there is a 9 review of a Qualitest SOP for suspicious 10 orders. One that was effective as of 11 2007, correct? 12 A. That's what it says. 13 Q. It says "The SOP states that 14 the Qualitest senior management will make 15 a determination if a suspicious order is 16 reported to DEA," correct? 17 A. Correct. 18 Q. And as best as you are 19 aware, sir, there had been no reports of 20 suspicious orders by Qualitest back in 21 this period of time, correct? 22 A. Not that I'm aware of. 23 Q. Right. The earliest report 24 of a suspicious order you're aware of to</p>	<p style="text-align: right;">Page 392</p> <p>1 expected to report to DEA suspicious 2 orders, even if they were declined by 3 Qualitest." 4 Did I read that correctly? 5 A. You read it correctly. 6 Q. "The Qualitest system for 7 reporting suspicious orders to DEA needs 8 to be improved to comply with 21 C.F.R. 9 1301.74," correct? 10 A. That's what the document 11 says. 12 Q. "In several instances sales 13 were made to a pharmacy," continuing to 14 the next page, "that was under the 15 established threshold for that drug 16 established by Qualitest when the account 17 representative was aware that the 18 customer had been limited in quantity for 19 the same drug by another wholesaler." 20 Did I read that correctly? 21 A. You read it correctly. 22 Q. "Generally speaking, Jeremy 23 Tatum is responsible for releasing orders 24 for retail pharmacies and doctors where</p>
<p style="text-align: right;">Page 391</p> <p>1 the DEA follows the sit-down with the DEA 2 in March of 2013, correct? 3 MS. VANNI: Object to form. 4 THE WITNESS: That's my 5 understanding. 6 BY MR. BUCHANAN: 7 Q. Okay. Nonetheless, there's 8 a sit-down obviously or an audit being 9 conducted by Mr. Mapes together with 10 Qualitest employees and reviewing some of 11 the people's awarenesses or not of what 12 the regulations require. Fair? 13 A. Yes, he's reviewing the 14 program that was in place. 15 Q. Right. "A check with 16 Mr. Schultz showed that in the past eight 17 months no reports of suspicious orders 18 were sent to DEA," correct? 19 A. That's what it says. 20 Q. Okay. "While discussing 21 issues with Jeremy Tatum he was not aware 22 that in addition to notifying DEA of 23 sales that were above established 24 thresholds and suspicious, they are</p>	<p style="text-align: right;">Page 393</p> <p>1 the quantity shipped is above the 2 established thresholds for the particular 3 drug as established by Qualitest." 4 Did I read that correctly? 5 A. You did. 6 Q. At this point in time, 7 Qualitest was selling drugs directly to 8 doctors, right? 9 MS. VANNI: Object to form. 10 THE WITNESS: This is 11 2000 -- I believe they were, yes. 12 BY MR. BUCHANAN: 13 Q. And directly to pharmacies, 14 right? 15 MS. VANNI: Object to form. 16 THE WITNESS: There was a 17 point where they stopped selling 18 certain products directly to 19 pharmacies. I don't recall 20 whether it was prior to or after 21 this date. 22 BY MR. BUCHANAN: 23 Q. Okay. It says, "At the 24 present time Mr. Tatum is the one who is</p>

<p style="text-align: right;">Page 394</p> <p>1 making the call about whether to ship 2 these orders when they are above the 3 thresholds," right? 4 A. He's reviewing the orders. 5 Q. He's a sales guy, right? 6 MS. VANNI: Object to form. 7 THE WITNESS: I believe he 8 worked in sales and marketing, 9 yeah. 10 BY MR. BUCHANAN: 11 Q. Okay. So the sales guy is 12 deciding whether to ship the sale? 13 MS. VANNI: Object to form. 14 BY MR. BUCHANAN: 15 Q. As of this point in time? 16 A. This is saying it was his 17 responsibility to review the orders. 18 Q. It says, "It's imperative 19 that the controlled substance 20 questionnaire that has been developed be 21 finalized and put into the system. 22 Without that level of information 23 Qualitest will be making the ship/not 24 ship decision with insufficient</p>	<p style="text-align: right;">Page 396</p> <p>1 are making a ship/not ship decision with 2 insufficient information, correct? 3 A. He's suggesting that the -- 4 that the questionnaire will provide 5 additional information that could be used 6 to make a decision. 7 Q. Well, what he wrote was, 8 "Without that level of information, 9 Qualitest will be making the ship/not 10 ship decision with insufficient 11 information." 12 That's what's written, 13 correct? 14 A. That was the opinion of the 15 consultant. 16 Q. Right. And so prior to 17 implementing the questionnaire, in the 18 words of the consultant, he'd be making 19 that determination with insufficient 20 information, correct, sir? 21 A. In his opinion. 22 Q. It then continues, "It's 23 important for Qualitest" -- at the end, 24 I'm sorry. Last paragraph on this page.</p>
<p style="text-align: right;">Page 395</p> <p>1 information." 2 Correct? 3 A. That's what he says. He's 4 pointing out that having a questionnaire 5 that goes out to customers will -- will 6 assist in gathering information about the 7 customer so that we can improve the way 8 we make these decisions. 9 Q. Right. And prior to this 10 point in time you didn't have such 11 questionnaire, correct? 12 A. It looks like what he's 13 saying here is that the questionnaire had 14 been developed but maybe not yet 15 finalized. 16 Q. So my -- my point would be, 17 sir, prior to this point in time a 18 questionnaire had not been used in 19 connection with the company's suspicious 20 order monitoring practices, correct? 21 A. That's what -- what the 22 document appears to be suggesting there. 23 Q. And Mr. Mapes notes that 24 without having such a questionnaire you</p>	<p style="text-align: right;">Page 397</p> <p>1 "It is important for 2 Qualitest to work with all controlled 3 substance customers, including those who 4 will further distribute Qualitest 5 products to other DEA registrants, to 6 assure that the controlled substances are 7 distributed only to customers who have 8 systems in place to assure that the 9 controlled substances will be used for 10 legitimate medical purposes." 11 Do you see that, sir? 12 A. I see that. 13 Q. Okay. So what you are being 14 told here is that you got to know your 15 customer, right? 16 MS. VANNI: Object to form. 17 BY MR. BUCHANAN: 18 Q. In 2008, right? 19 A. In 2008, we were engaging a 20 consultant to come in, an -- an ex-DEA 21 consultant, to give us information to 22 help us improve our suspicious order 23 monitoring programs. 24 Q. Okay. And what you --</p>

<p style="text-align: right;">Page 398</p> <p>1 A. That's what this document 2 is -- is doing. 3 Q. And maybe you didn't hear my 4 question, sir. I was focused on this 5 paragraph. 6 In this paragraph where it 7 says, "It is important for Qualitest to 8 work with all controlled substance 9 customers, including those who will 10 further distribute Qualitest products to 11 other DEA registrants, to assure that the 12 controlled substances are distributed 13 only to customers who have systems in 14 place to assure that the controlled 15 substances will be used for legitimate 16 medical purposes." 17 Did I read that correctly? 18 A. You read it correctly. 19 Q. Okay. So it's important for 20 Qualitest, one, to implement a 21 questionnaire to know its customers, 22 correct? 23 A. That was one of his 24 recommendations.</p>	<p style="text-align: right;">Page 400</p> <p>1 diversion don't stop with a vault and a 2 cage and cameras and people looking at 3 each other in the warehouse, right? 4 MS. VANNI: Object to form. 5 BY MR. BUCHANAN: 6 Q. Right, sir? 7 A. The responsibilities, as a 8 manufacturer and a distributor, go beyond 9 just what happens in the physical plant. 10 They extend into the distribution channel 11 as we've been discussing today. 12 Q. Must take great care in who 13 you sell to to make sure that who you 14 sell to also exercises great care with 15 these very dangerous products, correct? 16 MS. VANNI: Object to form. 17 THE WITNESS: We have our 18 responsibilities under the 19 regulations to make sure that 20 proper controls are in place and 21 to understand what our customers 22 are doing in that regard. 23 Again, this document was -- 24 BY MR. BUCHANAN:</p>
<p style="text-align: right;">Page 399</p> <p>1 Q. And it's important for 2 Qualitest to make sure that its customers 3 and those to whom the customers are going 4 to distribute the drug or drugs, have 5 systems in place to monitor for 6 suspicious orders, right? 7 MS. VANNI: Object to form. 8 THE WITNESS: I believe I've 9 already testified that it's an 10 important part of a suspicious 11 order monitoring program is to 12 understand your customers and 13 their customers. 14 BY MR. BUCHANAN: 15 Q. And to make sure you're 16 sending it to someone, who, like the 17 person shipping the product, should be 18 trying to keep this circle closed, a 19 closed system of distribution, right? 20 A. You should be understanding 21 what your customers are doing to control 22 diversion. You should be working with 23 them to improve those systems. 24 Q. Effective controls against</p>	<p style="text-align: right;">Page 401</p> <p>1 Q. Is that a yes answer to my 2 question? 3 A. I just answered your 4 question. 5 Q. I just want to understand. 6 Were you agreeing with me? 7 MS. VANNI: Object to form. 8 THE WITNESS: I answered 9 your question. 10 BY MR. BUCHANAN: 11 Q. Okay. So you didn't -- I 12 thought you were agreeing with me. But I 13 just want to make sure that we have 14 agreement here, that as a registrant 15 manufacturer and distributor, your 16 obligation was to take great care in who 17 you sold to, and as part of that process, 18 ensure that they had systems in place to 19 take great care to prevent diversion, 20 correct? 21 MS. VANNI: Object to form. 22 THE WITNESS: Our 23 responsibilities under the 24 regulations are to make sure that</p>

<p style="text-align: right;">Page 402</p> <p>1 we have the proper controls in 2 place, that we understand our 3 customers and what their controls 4 are, so that we can mitigate the 5 diversion and abuse of our 6 products. 7 BY MR. BUCHANAN: 8 Q. And not to mitigate -- 9 A. You're characterizing it as 10 great care -- as great care. I don't 11 know what that means. What I'm telling 12 you is under the regulations what we have 13 a responsibility to do and what we were 14 in fact doing and evolving and bringing 15 in consultants such as Mr. Mapes here, 16 you know, was a proactive effort, to 17 better, you know, understand the 18 expectations and to better develop and 19 enhance those programs. 20 Q. Okay. And so the statutory 21 obligation, is to maintain effective 22 controls against diversion, right? 23 A. Effective controls. 24 Q. Okay. And effective</p>	<p style="text-align: right;">Page 404</p> <p>1 and understand -- you know, investigate 2 if something were exceeding those 3 thresholds, to understand why the 4 customer was ordering that and to do the 5 appropriate investigation. 6 Q. Well, and I guess that 7 wasn't my question, sir, not what your 8 algorithm was or how you were identifying 9 orders of interest. 10 We've looked at documents, 11 one from 2003, one from 2013, that 12 highlighted your products, were products 13 being abused and diverted. Do you recall 14 looking at those documents today, sir? 15 MS. VANNI: Object to form. 16 THE WITNESS: I recall us 17 looking at documents. 18 BY MR. BUCHANAN: 19 Q. Talking about abuse and 20 diversion with Percocet and Percodan and 21 later oxycodone 15 and 30. Do you recall 22 us looking -- 23 A. I recall those documents. 24 Q. Okay. So my question to</p>
<p style="text-align: right;">Page 403</p> <p>1 controls against diversion makes sure 2 that you don't sell your product to 3 somebody who does not have effective 4 controls against diversion, right? 5 A. To the best of our ability 6 and the best information we can -- we can 7 obtain, that's what we do. 8 Q. And that was something that 9 you knew as of this point in time in 10 2008, when you were getting input from 11 Mr. Mapes, right? 12 A. Mr. Mapes gave us input on 13 how we can improve our programs. 14 Q. And how to ensure that your 15 customers and their customers' customers 16 had programs in place, right? 17 A. He gave us information on 18 that. 19 Q. Okay. How, sir, did you 20 monitor the effectiveness of your 21 controls against diversion? 22 A. At that time we were 23 reviewing orders. At that time period we 24 were using thresholds to review orders</p>	<p style="text-align: right;">Page 405</p> <p>1 you, sir, is how were you measuring the 2 effectiveness of your controls given that 3 there clearly was diversion? 4 MS. VANNI: Object to the 5 form. 6 THE WITNESS: The way we 7 measure the effectiveness of our 8 controls is to ensure that we are 9 reviewing orders, we are 10 identifying orders of interest, 11 and we are investigating those, 12 because if we are doing that, and 13 we are working to the best of our 14 ability to understand our 15 customers, then we are doing our 16 diligence and ensuring that our 17 products are going to the patients 18 who need them and are not getting 19 diverted or abused. 20 BY MR. BUCHANAN: 21 Q. Well, we know your products 22 were being diverted, right? 23 MS. VANNI: Object to form. 24 BY MR. BUCHANAN:</p>

<p style="text-align: right;">Page 406</p> <p>1 Q. We've talked about that 2 today. 3 A. I don't know to what degree 4 our products were being -- 5 Q. Not to what -- 6 A. -- diverted. 7 Q. -- degree. We know your 8 products were being diverted. Others 9 will decide -- 10 A. We know that oxycodone 11 15-milligram and 30-milligram were being 12 diverted. There are other companies that 13 manufacture those products. 14 Q. We know that Percocet and 15 Percodan, at least the branded names, 16 pursuant to the DEA notice in 2003, were 17 being abused and diverted, correct? 18 MS. VANNI: Object to form. 19 THE WITNESS: We know that 20 the DEA mentioned in their letter 21 the brand names Percocet and 22 Percodan which also can be readily 23 confused with generics products. 24 BY MR. BUCHANAN:</p>	<p style="text-align: right;">Page 408</p> <p>1 withdrawn. 2 If you're trying to prevent 3 something from happening and you want to 4 see how effective you're doing at 5 preventing something from happening, one 6 of the things that you want to try and 7 measure is the extent to which it's 8 happening, notwithstanding your efforts, 9 right? 10 MS. VANNI: Object to form. 11 THE WITNESS: If we have 12 procedures in place to review 13 orders and make a determination if 14 those orders are suspicious, then 15 we are effectively doing our 16 diligence, because we are not 17 shipping orders that potentially 18 are suspicious and could be 19 diverted. 20 BY MR. BUCHANAN: 21 Q. Well, if something you're 22 trying to prevent from happening, sir, is 23 still happening, we can agree there's 24 more than that can be done, right?</p>
<p style="text-align: right;">Page 407</p> <p>1 Q. Your brand name drugs, sir, 2 were called out by the DEA as drugs that 3 were being abused and diverted agreed? 4 MS. VANNI: Object to form. 5 BY MR. BUCHANAN: 6 Q. Do we agree on that? 7 MS. VANNI: Object to form. 8 THE WITNESS: DEA mentioned 9 Percocet and Percodan in the 10 letter that we looked at earlier 11 today. 12 BY MR. BUCHANAN: 13 Q. Okay. And so in terms of a 14 system in place through which you were 15 monitoring the effectiveness of your 16 controls, it doesn't sound like you had 17 one? 18 MS. VANNI: Object to form. 19 BY MR. BUCHANAN: 20 Q. Right? 21 MS. VANNI: Same objection. 22 BY MR. BUCHANAN: 23 Q. Because if you're trying to 24 prevent something from happening --</p>	<p style="text-align: right;">Page 409</p> <p>1 MS. VANNI: Objection. 2 THE WITNESS: We have 3 continued to enhance and develop 4 our programs over the time periods 5 that we're discussing. We've seen 6 that, we've seen various 7 company-initiated efforts to bring 8 consultants in to identify 9 opportunities in areas where we 10 can improve. 11 BY MR. BUCHANAN: 12 Q. So we agree? 13 A. We agree on what? 14 Q. We agree, sir, that if 15 you're trying to prevent something from 16 happening, but it's still happening, 17 there's more that can be done? 18 MS. VANNI: Object to form. 19 THE WITNESS: What I've 20 testified to is that we continued 21 to evolve our programs and enhance 22 our programs. And that is the 23 best way for us to mitigate 24 diversion of our products.</p>

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<p>1 Could our products be</p> <p>2 diverted in other mechanisms? I</p> <p>3 think I testified to that earlier.</p> <p>4 Someone who gets our product under</p> <p>5 a valid prescription could divert</p> <p>6 the product.</p> <p>7 BY MR. BUCHANAN:</p> <p>8 Q. But, sir, you knew at the</p> <p>9 end of 2008 that Qualitest's process that</p> <p>10 you've talked about and you've suggested,</p> <p>11 I guess were getting things done, were in</p> <p>12 no sense compliant, even by 2008</p> <p>13 standards, right?</p> <p>14 MS. VANNI: Object to form.</p> <p>15 THE WITNESS: I disagree</p> <p>16 with your characterization that</p> <p>17 our procedures weren't compliant.</p> <p>18 BY MR. BUCHANAN:</p> <p>19 Q. Okay. Can I have --</p> <p>20 A. Our procedures were</p> <p>21 structured to identify suspicious orders.</p> <p>22 MR. BUCHANAN: Can I have</p> <p>23 Exhibit 24, please.</p> <p>24 BY MR. BUCHANAN:</p>	<p>1 Mapes folks had an interaction with you</p> <p>2 earlier in 2008. The DEA came down and</p> <p>3 sat down with you in the fall of 2008.</p> <p>4 And then you -- you reached out to</p> <p>5 Cegedim Dendrite again, the Buzzeo folks,</p> <p>6 to talk about suspicious order</p> <p>7 monitoring, right, in the fall of 2008?</p> <p>8 A. That's this document here?</p> <p>9 Q. Yeah.</p> <p>10 A. Like I said, I reviewed a</p> <p>11 lot of documents. I don't have them all</p> <p>12 committed to memory.</p> <p>13 Q. Okay.</p> <p>14 A. If I could just review the</p> <p>15 document then.</p> <p>16 Q. That's fine.</p> <p>17 (Document marked for</p> <p>18 identification as Exhibit</p> <p>19 Endo-Macrides-24.)</p> <p>20 BY MR. BUCHANAN:</p> <p>21 Q. Who -- who is Gary Glotz,</p> <p>22 sir?</p> <p>23 MS. VANNI: Do you want him</p> <p>24 to review the document or do you</p>
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<p>1 Q. Because you all had some</p> <p>2 interactions with the DEA following this</p> <p>3 Mapes audit, correct?</p> <p>4 Do you recall that, sir,</p> <p>5 having some interactions with the DEA in</p> <p>6 the fall of 2008?</p> <p>7 Did you become aware of that</p> <p>8 as part of your preparation for today,</p> <p>9 sir?</p> <p>10 A. I think I --</p> <p>11 MS. VANNI: Objection.</p> <p>12 THE WITNESS: Sorry.</p> <p>13 MS. VANNI: No, go ahead.</p> <p>14 THE WITNESS: I think I'm</p> <p>15 aware of the fact that we had</p> <p>16 ongoing contact with the DEA</p> <p>17 throughout the period we are</p> <p>18 discussing.</p> <p>19 BY MR. BUCHANAN:</p> <p>20 Q. Okay.</p> <p>21 A. Is there some -- is there a</p> <p>22 specific interaction that you're</p> <p>23 referring to?</p> <p>24 Q. Yeah. Well, the -- the</p>	<p>1 want him to answer your question?</p> <p>2 MR. BUCHANAN: Well,</p> <p>3 let's -- let's identify the people</p> <p>4 and then --</p> <p>5 MS. VANNI: Okay.</p> <p>6 MR. BUCHANAN: -- the review</p> <p>7 is fine.</p> <p>8 MS. VANNI: For the record,</p> <p>9 this is Exhibit 24?</p> <p>10 MR. BUCHANAN: 24.</p> <p>11 MS. VANNI: Thank you.</p> <p>12 BY MR. BUCHANAN:</p> <p>13 Q. Do you see a reference on</p> <p>14 the first page to a Gary Glotz, Spike</p> <p>15 Pannell, and John Schultz?</p> <p>16 A. I do.</p> <p>17 Q. Okay. And who were they?</p> <p>18 A. John Schultz was the head of</p> <p>19 compliance, DEA compliance at Qualitest</p> <p>20 at that time.</p> <p>21 Q. Okay.</p> <p>22 A. I believe Spike Pannell</p> <p>23 was -- worked in the commercial</p> <p>24 organization.</p>

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1 LeeAnn Smith, as I
2 understand it, was an IT person.
3 Q. Okay.
4 A. I don't know who these other
5 people are. I am assuming that they are
6 consultants.
7 Q. Okay. And so let's look at
8 the outreach to Cegedim Dendrite. Let's
9 go to -- it's -- it's Page Number 3. I
10 don't have dot numbers on mine.
11 In the middle of the page
12 there's an outreach from Qualitest to --
13 in December of 2008, to Dendrite.
14 Comment: "In the process of
15 reviewing our current suspicious order
16 monitoring process" --
17 MR. BUCHANAN: Can you blow
18 up the comment, please.
19 There you go. Right there.
20 Thank you.
21 BY MR. BUCHANAN:
22 Q. "In the process of reviewing
23 our current suspicious order monitoring
24 process, but we are well aware that what

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1 we have is NOT compliant by today's
2 standards."
3 Did I read that correctly,
4 sir?
5 A. That's what this e-mail
6 says.
7 Q. Okay. And I guess, so the
8 record is clear, not is in all caps?
9 A. Not is in all caps.
10 Q. Okay. And so this is, again
11 orienting ourselves, a few months after
12 the meeting with Mr. Mapes, or the audit
13 of Mr. Mapes, correct?
14 A. It's after the audit of
15 Mr. Mapes.
16 Q. Okay. Reporting out and
17 seeking consultant advice because your
18 system is not compliant by today's
19 standards. That's what's written,
20 correct?
21 A. That's what an IT person
22 wrote who would not be qualified to
23 assess the compliance of our suspicious
24 order monitoring or any other aspect of

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1 DEA compliance.
2 Q. And indeed she looped in the
3 head of the compliance as part of the
4 meeting, correct?
5 Mr. John Schultz, I think
6 you told us, was the head of compliance.
7 Do I have that correctly,
8 sir?
9 A. John Schultz, as I
10 understand it, was DEA compliant.
11 Q. Let's look at the
12 PowerPoint --
13 A. John Schultz didn't write
14 this e-mail. LeeAnn Smith, the IT
15 person, wrote this e-mail.
16 Q. Right. And you don't
17 think --
18 A. And she wouldn't be
19 qualified for evaluating or assessing
20 whether we were or weren't in
21 compliance --
22 Q. I see --
23 A. -- with suspicious order
24 monitoring or other aspects of DEA.

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1 Q. Were -- were you a part of
2 the conversations among Ms. Smith and
3 Mr. Schultz and others in 2008, sir?
4 A. I didn't work for the
5 company in 2008.
6 Q. Okay. So in terms of your
7 attempted commentary on how this
8 originated, you don't have any insight to
9 bear -- to bring beyond the document
10 itself, fair?
11 MS. VANNI: Object to form.
12 THE WITNESS: I'm just
13 telling you that an IT person
14 isn't qualified to comment on DEA
15 compliance.
16 BY MR. BUCHANAN:
17 Q. What does she say in terms
18 of "we are all well aware that what we
19 have is NOT," in all caps, "compliant by
20 today's standards."
21 Did I read that correctly,
22 sir?
23 A. That's what this woman wrote
24 in this e-mail, who is an IT person who

<p style="text-align: right;">Page 418</p> <p>1 is not qualified to comment on DEA 2 compliance or suspicious order 3 monitoring. 4 Q. "We are looking for 5 assistance," correct? 6 A. She uses the word we. 7 Q. And who is the we that she 8 includes, sir, in the meeting? 9 Spike Pannell and John 10 Schultz? 11 A. She is including them in the 12 meeting. 13 Q. Okay. And John Schultz 14 would be the head of compliance at that 15 point in time, correct, sir? 16 A. Right. But John Schultz 17 isn't making this comment. The IT person 18 is making this comment. 19 Q. Right. Right. And we have 20 your testimony as to who the we are, sir. 21 Let's go to the PowerPoint. 22 Can we go to .5. Suspicious order 23 monitoring. 24 Mr. Hamby, Gary Glotz making</p>	<p style="text-align: right;">Page 420</p> <p>1 chemicals." 2 Did I read that correctly? 3 A. You read it correctly. 4 Q. And certainly the company 5 had that understanding as of 2008, 6 correct? 7 A. The company had that 8 understanding. 9 Q. Okay. There's a listing on 10 the next page of SOM requirements. 11 Do you see that, sir? 12 MS. VANNI: Take your time 13 and review it. 14 THE WITNESS: This is the 15 same quote from the C.F.R. that we 16 reviewed earlier. 17 BY MR. BUCHANAN: 18 Q. Right. And it says, 19 "Further iterated in September of '06, 20 February of '07 and December of 2007 DEA 21 letters," correct? 22 A. That's what it says. 23 Q. You've seen those letters, 24 sir?</p>
<p style="text-align: right;">Page 419</p> <p>1 the presentation. 2 .7. "Companies are not 3 meeting the regulatory requirements." 4 Did I read that correctly? 5 A. That's what the consultant 6 says in his presentation. 7 Q. "Inconsistent implementation 8 and lack of understanding of regulatory 9 requirements." 10 Did I read that correctly? 11 A. That's what it says. 12 Q. Next page, .8, middle 13 bullet. "SOM, as well as appropriate due 14 diligence and 'know your customer' 15 efforts are key" -- 16 A. I'm sorry, wait. I'm on the 17 wrong page. 18 Q. .8? 19 A. Just give me a minute. 20 Okay. I'm there. 21 Q. "SOM, as well as appropriate 22 due diligence and 'know your customer' 23 efforts are key to DEA's efforts to curb 24 diversion of controlled drugs and listed</p>	<p style="text-align: right;">Page 421</p> <p>1 A. I've seen some of these 2 letters. I'm sure I reviewed them as 3 part of my preparation. 4 Q. And those letters say that 5 rigid formulas are insufficient as part 6 of a SOMs program, correct, sir? 7 A. DEA is using these letters 8 to provide guidance around the evolving 9 landscape around SOMs -- 10 Q. I'm not asking -- 11 A. -- to encourage companies to 12 improve their programs. 13 Q. Sir -- 14 A. That's the purpose of these 15 letters and these guidelines. 16 Q. I'm not asking you for the 17 purpose, sir. I'm asking you what it 18 communicated. 19 A. It communicated guidelines 20 on how to improve your SOMs programs. 21 Q. And the guidelines stated 22 that rigid formulas were inadequate as a 23 basis for identifying suspicious or 24 non-suspicious, correct?</p>

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1 MS. VANNI: Objection. Are
2 you characterizing the letters
3 from DEA for him?
4 MR. BUCHANAN: I'm asking
5 him.
6 BY MR. BUCHANAN:
7 Q. Do you agree, sir? And we
8 can pull out the letters if you think
9 necessary.
10 A. Let's look at one of the
11 letters.
12 Q. Okay. We'll come back to
13 it.
14 Do you have a recollection,
15 sir, as to whether the DEA was advising
16 registrants that rigid formulas were
17 inadequate to identify suspicious orders?
18 MS. VANNI: Objection.
19 BY MR. BUCHANAN:
20 Q. Do you have that
21 recollection? Yes or no.
22 MS. VANNI: Objection.
23 Go ahead. You can answer.
24 THE WITNESS: The DEA was

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1 providing guidance around a number
2 of areas related to suspicious
3 order monitoring, including
4 algorithms and how orders should
5 be looked at. I have that
6 understanding.
7 BY MR. BUCHANAN:
8 Q. You have the understanding
9 that rigid formulas, the DEA says are
10 inadequate, correct?
11 MS. VANNI: Object to form.
12 THE WITNESS: I don't
13 remember seeing that specific
14 language. But if we look at a
15 letter that would refresh my
16 memory, then we can do that.
17 BY MR. BUCHANAN:
18 Q. Let's go to the last bullet.
19 "In addition, DEA's chemical
20 handler's" -- "In addition, DEA's
21 chemical handler's manual devote several
22 pages to know your customer in proof of
23 identity due diligence issues."
24 Do you see that, sir?

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1 A. I see that.
2 Q. Next page. "Arbitrarily set
3 values do not satisfy the regs in terms
4 of SOMs."
5 Do you see that, sir?
6 A. I see that.
7 Q. You got to review things by
8 category of accounts, classes of trades,
9 right?
10 A. That's what the consultant
11 is communicating.
12 Q. What are they referencing
13 there?
14 A. They're referencing the
15 December 2007 DEA letter.
16 Q. Okay. They identify on .11,
17 "Overall objective, a total SOM program
18 that meet DEA requirements."
19 First bullet, what does it
20 say?
21 A. "Develop a total SOM
22 solution to review each of your
23 customer's orders product by product
24 comparing orders with historical ordering

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1 patterns for that customer and product."
2 Q. I'm sorry, sir. I was
3 identifying --
4 A. You asked me to read the
5 first.
6 Q. -- the first bullet at the
7 bottom of the page. "Overall objective,
8 a total SOM program that meets DEA
9 requirements.
10 "1. Statistically viable
11 system, justifiable and defensible."
12 Right?
13 A. That's what they say here.
14 Q. Do you remember seeing that
15 in a letter two years later that went to
16 Par Pharmaceuticals?
17 MS. VANNI: Object to form.
18 BY MR. BUCHANAN:
19 Q. From 2010, from that
20 consultant presentation?
21 A. I remember looking at that
22 earlier.
23 Q. Okay. "Statistics,
24 methodologies and indexes are confirmed

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1 and validated."

2 Do you recall that, sir?

3 A. I understand that DEA was

4 making suggestions to move -- to

5 statistical algorithms. I do.

6 Q. Right. And this is 2008,

7 correct?

8 A. This is 2008.

9 Q. And the company, in terms of

10 implementing such an algorithm, first did

11 so in late 2013, early 2014, correct,

12 sir?

13 A. The company continued to

14 evolve its programs to review potentially

15 suspicious orders --

16 Q. Please tell the jury --

17 A. -- in that time frame.

18 Q. Please tell the jury when

19 the company first implemented a

20 statistically validated algorithm.

21 A. In 2013 we engaged with

22 Cegedim to do that.

23 Q. Okay. So the very

24 consultant who told you in 2005 this is

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1 what -- excuse me, in 2008, that this is

2 what was required, right?

3 A. All companies were reviewing

4 the guidance by DEA to move in the

5 direction of statistical models --

6 Q. You still have to answer my

7 question.

8 A. -- to adapt their programs.

9 MS. VANNI: Objection to

10 form.

11 BY MR. BUCHANAN:

12 Q. You still have to answer my

13 question. So my --

14 A. Can you ask it again,

15 please.

16 Q. Yeah. My question to you,

17 sir, after you said, "In 2013, we engaged

18 with Cegedim to do that," I said, "So the

19 very consultant who told you in 2008 that

20 this is what was required was the

21 consultant you used in 2013 to implement

22 the statistically validated algorithm for

23 Qualitest, correct?"

24 A. We worked with them in 2013

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1 to enhance the program and build us a,

2 you know, more advanced algorithm.

3 Q. Right. In fact you did that

4 after you sat down with the DEA in March

5 of 2013, correct?

6 A. I think I testified earlier

7 that we had identified areas to improve

8 our program throughout that period but as

9 early as 2011 when we had engaged Tracey

10 Hernandez to lead our DEA compliance.

11 Q. When did management first

12 approve and fund a statistically

13 validated algorithm to detect potentially

14 suspicious orders, sir?

15 MS. VANNI: Objection.

16 BY MR. BUCHANAN:

17 Q. Before or after the

18 March 2013 meeting with the DEA?

19 A. In 2013 we engaged with

20 Cegedim to develop the algorithm.

21 Q. After you met with the DEA,

22 correct?

23 A. Subsequent to March of 2013.

24 Q. Which means after, right?

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1 A. It was implemented after the

2 meeting.

3 Q. And you engaged them after

4 the meeting to implement a statistically

5 validated algorithm, correct sir?

6 A. To do the specific work

7 around implementing the algorithm.

8 Q. All right. So let's go to

9 .12. We talk about a statistically

10 defensible system that consultants have

11 been recommending since 2008 to the

12 company.

13 It says, "Rather than

14 looking just at purchasing volume, it

15 evaluates a variety of order

16 characteristics, such as order size,

17 history, trends, frequency, et cetera."

18 Did I read that correctly?

19 A. You read that correctly.

20 Q. Okay. And those are the

21 characteristics of the system the company

22 ultimately implemented after the DEA sat

23 down with it and said it had six months

24 to get its stuff together, right?

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1 MS. VANNI: Object to form.
2 THE WITNESS: What they are
3 saying is that these things should
4 be part of a -- what they are
5 saying with this bullet is that
6 these things should be part of the
7 review of the orders.
8 In fact, you would have
9 his -- you would have history on
10 orders that you could look at
11 without even developing an
12 algorithm.
13 BY MR. BUCHANAN:
14 Q. Sir, these are the order
15 characteristics, order size, history,
16 trends, frequency, et cetera, that are
17 implemented in the statistically
18 validated algorithm the company adopted
19 through Cegedim, this very vendor, five
20 years later after the DEA sat down with
21 it in March of 2013, correct?
22 MS. VANNI: Objection.
23 THE WITNESS: These
24 parameters would be part of a

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1 statistical model.
2 BY MR. BUCHANAN:
3 Q. Thank you. Let's go to .14.
4 The consultant you reached
5 out to in 2008 told you that you had to
6 investigate your accounts, right?
7 A. Are you reading the first
8 bullet here, "SOPs on rules around
9 account investigation and order release"?
10 Q. Well, let's just read it,
11 sir. Says, "Account investigation and
12 disposition:
13 "Establish an
14 appropriate" -- "establish appropriate
15 practices for investigation of
16 potentially suspicious" -- "suspicious
17 accounts."
18 Is that one of the items
19 that was identified for the company?
20 A. That's in the report, yes.
21 Q. Okay. "SOPs on rules around
22 account investigation and order release,"
23 correct?
24 That's what it states?

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1 A. That's what it says.
2 Q. Customer self-assessment
3 questionnaires, correct?
4 A. That's what it says.
5 Q. "On-site account
6 verification visits."
7 Did I read that correctly?
8 A. That's what it says.
9 Q. Okay. You can set that one
10 aside, sir. Moving forward, from 2008.
11 Let's go to 2009.
12 (Document marked for
13 identification as Exhibit
14 Endo-Macrides-25.)
15 BY MR. BUCHANAN:
16 Q. In 2009, sir, we're now
17 looking at Exhibit 25, Mr. Mapes, your
18 consultant, is back in the mix, right?
19 A. Mr. Mapes. Yes, I see that.
20 Q. Okay. Mike Mapes sends an
21 e-mail to John Schultz. The same John
22 Schultz we were just talking about, head
23 of compliance, right?
24 A. Correct.

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1 Q. Okay. And we're looking at
2 E-1037, please. It's from July 2009. If
3 we go to .2, it says, "Review of order
4 monitoring program, Qualitest
5 Pharmaceuticals."
6 It says -- let's go forward
7 now to .4, which reports on suspicious
8 order reporting to DEA.
9 A. .4?
10 Q. .4. It's the top right
11 corner.
12 A. Can you just give me a
13 minute to look at this?
14 Q. Sure. I've got it on your
15 screen there if that helps.
16 Last paragraph says, "The
17 review of order release requests showed
18 that many requests were made for
19 quantities of drugs that were several
20 times greater than the current limit set
21 in the order monitoring system."
22 Let's pause on that.
23 So your consultant comes in
24 and is looking at certain order release

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1 requests.
2 Do you see that?
3 A. I see that.
4 Q. So you talked about a system
5 that would identify potentially
6 suspicious orders, right, do you recall
7 that?
8 A. I do.
9 Q. And at this point in time,
10 the company was using, not a
11 statistically validated model, but a
12 different one, pursuant to its SOPs,
13 right?
14 A. I'm sorry, repeat that
15 please.
16 Q. At this point in time, the
17 company was not using the Cegedim
18 statistically validated model, correct?
19 A. Correct.
20 Q. Okay. This is 2009. And it
21 says, "In most of those instances,"
22 meaning those where the requests -- where
23 there were orders that were pended and
24 then released, "the size of the order was

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1 cut down and the order was approved to be
2 released with some increase to the limit
3 in the order monitoring system."
4 Did I read that correctly?
5 A. Yes, that's what it says.
6 Q. Okay. So what's happening
7 here, sir, is that orders are tripping
8 the wire under whatever method the
9 company was using under its SOPs at that
10 point in time. And the sales team that's
11 reviewing the orders is reducing the
12 order to get close to thresholds, raising
13 the threshold a little bit, and then
14 authorizing the order to be shipped.
15 That's what the company is
16 being told by its consultants, right?
17 MS. VANNI: Object to form.
18 THE WITNESS: The
19 consultants are -- I'm -- I'm
20 trying to read the document while
21 you are talking. I'm sorry. I'm
22 just trying to familiarize myself
23 with this last paragraph.
24 Just ask me the question

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1 again, please.
2 BY MR. BUCHANAN:
3 Q. Okay. My question, sir, was
4 that, what's happening here is orders are
5 tripping the wire, meaning there's an
6 algorithm --
7 A. Orders are being identified
8 that are of interest.
9 Q. Of interest. "The order
10 size is several times higher than the
11 threshold."
12 That's what's reported in
13 the analysis from your consultants,
14 correct?
15 A. That's correct.
16 Q. And what's happening is the
17 folks who were reviewing these, which
18 would have been the sales folks at that
19 time, right?
20 That's a yes answer?
21 A. It would have been the sales
22 folks.
23 Q. Okay. So the sales folks,
24 what they are doing is, they are either

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1 cutting them down in size or increasing
2 the order threshold, right?
3 MS. VANNI: Object to form.
4 THE WITNESS: They are,
5 where there -- where there could
6 be valid reasons to do either one
7 of those things.
8 BY MR. BUCHANAN:
9 Q. Right.
10 A. Upon investigation.
11 Q. And then what the consultant
12 is stating here is that -- and the
13 consultant is noting this as a concern,
14 right?
15 MS. VANNI: Object to form.
16 THE WITNESS: The consultant
17 is suggesting that those orders,
18 because they've been modified,
19 should be reported to the DEA.
20 BY MR. BUCHANAN:
21 Q. Right. You can't cut and
22 ship -- when I say cut and ship, I mean
23 reduce the size of the order and ship
24 without telling the DEA, right?

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1 A. Consultant is saying that
 2 these orders should be sent to DEA as a
 3 suspicious order.
 4 Q. Okay. And we can agree --
 5 A. He is indicating that this
 6 would document to DEA that Qualitest is
 7 monitoring orders.
 8 Q. "Each order release request
 9 that is rejected or modified by Qualitest
 10 should be sent to DEA as a suspicious
 11 order."
 12 Is that what you were told
 13 in 2009, sir?
 14 A. That's what he's saying in
 15 this document.
 16 Q. And, sir, sitting here
 17 today, as part of your preparation as the
 18 corporate representative for Qualitest,
 19 you were not aware of any suspicious
 20 orders that were reported for Qualitest
 21 in 2009 or 2008, or frankly anytime prior
 22 to that meeting with the DEA, right?
 23 MS. VANNI: Object to form.
 24 THE WITNESS: I said -- I

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1 stated earlier that I wasn't aware
 2 of a suspicious order that had
 3 been submitted to the DEA.
 4 BY MR. BUCHANAN:
 5 Q. Okay. And your consultants
 6 actually looked at specific requests --
 7 excuse me, specific orders that were cut,
 8 reduced, and shipped and not reported to
 9 the DEA, correct?
 10 A. The orders were adjusted,
 11 and according to the consultant, not
 12 reported to the DEA.
 13 Q. Not before he came in mid
 14 2009, right?
 15 MS. VANNI: Object to form.
 16 THE WITNESS: Not before
 17 he --
 18 BY MR. BUCHANAN:
 19 Q. Not before or after this
 20 audit, right?
 21 A. I'm not sure what you mean.
 22 Q. I'm saying there are orders
 23 that are identified by the consultant as
 24 cut and shipped, right?

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1 A. Yes, and he's suggesting
 2 that those orders should have been
 3 reported to the DEA. And he's saying
 4 sending orders to the DEA will document
 5 to DEA that Qualitest is monitoring the
 6 orders on a continuing basis and is
 7 monitoring controlled substance orders in
 8 a reasonable manner.
 9 Q. Right --
 10 A. This is his suggestion.
 11 He's not suggesting that these orders are
 12 suspicious. He's suggesting that
 13 Qualitest should report them.
 14 Q. He's saying, sir, each order
 15 that is released that is rejected or
 16 modified by QT should be sent to DEA as a
 17 suspicious order.
 18 Did I read that correctly,
 19 sir?
 20 MS. VANNI: Object to form.
 21 Asked and answered.
 22 BY MR. BUCHANAN:
 23 Q. Did I read that correctly?
 24 A. You read that correctly.

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1 Q. Thank you.
 2 Let's look at -- I mean, in
 3 fact --
 4 A. But he's saying sending
 5 these orders to DEA --
 6 Q. No question pending, sir.
 7 MR. BUCHANAN: Can I have
 8 589 for counsel. Oh Exhibit 22.
 9 THE WITNESS: 22. Oh.
 10 MR. BUCHANAN: Can we pull
 11 up 589, please.
 12 BY MR. BUCHANAN:
 13 Q. I'd like to direct your
 14 attention, sir, to .24 is the page
 15 number, we looked at this a little
 16 earlier today. And this is a
 17 presentation from Mr. Brantley. He was
 18 the head of suspicious order monitoring
 19 for a period of time at Qualitest after
 20 that DEA meeting, correct?
 21 A. He was.
 22 Q. Okay. He put together a
 23 PowerPoint that we spent some time
 24 looking at. This one's entitled

<p style="text-align: right;">Page 442</p> <p>1 suspicious order monitoring, SOM 101. 2 A. This is the one that he sent 3 to himself? 4 Q. This is what he sent to 5 himself, but it's from 2015, Par, 6 actually just to orient ourselves here. 7 589.4 is the cover page. 8 Do you see that? 9 A. I see that. 10 Q. "Suspicious order 11 monitoring, SOM 101, history, current 12 state, and notes from judgments and 13 MOAs." Did I read that correctly? 14 A. Yes. 15 Q. 2015, Par Pharmaceutical. 16 Now I'd like to take us forward to .24. 17 It states under notes, 18 "Suspicious orders must not be cut down 19 to fit within acceptable parameters." 20 Did I read that correctly? 21 A. That's what he says here. 22 Q. Okay. What system did the 23 company track -- Qualitest track its 24 shipments into?</p>	<p style="text-align: right;">Page 444</p> <p>1 THE WITNESS: I don't have 2 any specific knowledge of that. 3 BY MR. BUCHANAN: 4 Q. Or as the document on the 5 screen reflects, there's no record of the 6 company ever reporting an order that it 7 had to cut to fit within acceptable 8 quantities, correct? 9 A. I don't have any information 10 on that. 11 Q. Okay. Let's go forward to 12 Exhibit 26. You can set that one aside 13 now, sir. 14 (Document marked for 15 identification as Exhibit 16 Endo-Macrides-26.) 17 BY MR. BUCHANAN: 18 Q. Okay. We're now moving 19 forward. We're up to 2011. This is an 20 exchange among Ms. Hudson, Ms. Hernandez 21 and others. 22 At this point in time, on 23 the first page, 567.1 we see the e-mail 24 from her to several, from November 16,</p>
<p style="text-align: right;">Page 443</p> <p>1 A. Qualitest had a MAPIC 2 system, I believe was what it was called 3 that's, that it used for its -- for its 4 ERP. 5 Q. Okay. Does that -- would 6 that system provide the basis to 7 determine whether an order has been cut 8 from its originally ordered quantity? 9 A. If the order were adjusted, 10 it would be adjusted in the system and 11 then would be moved into the distribution 12 part of the system. 13 Q. Did the company retain 14 records, sir, of all of the orders that 15 it cut and shipped? 16 A. I couldn't -- I couldn't 17 speak to what records were -- the company 18 maintained. 19 Q. We know certainly that to 20 the best of your knowledge, prior to 21 March of 2013, there's no record of the 22 company ever reporting a cut and shipped 23 order to the DEA, correct? 24 MS. VANNI: Object to form.</p>	<p style="text-align: right;">Page 445</p> <p>1 2011. 2 Do you see that? 3 A. I see that. 4 Q. It's reporting on a 5 conversation with a DEA investigator. 6 Do you see that, all? 7 A. I see that. 8 Q. Okay. 9 A. This was an inspection. 10 Q. Directing your attention to 11 567.2. 12 And it's recounting in the 13 second paragraph, "He noted." And 14 there's some discussion about whether the 15 company is properly accounting for and 16 retaining, if you will, a loss of 17 64 kilograms of active ingredient. 18 Do you see that? 19 MS. VANNI: Object to form. 20 THE WITNESS: If I could 21 just read the paragraph. 22 BY MR. BUCHANAN: 23 Q. I'm going to read it while 24 you do.</p>

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1 A. That's fine.
2 Q. "He noted that he was
3 concerned because even though we may have
4 lost .15 percent for one of the products
5 when calculated using all of the batches
6 manufactured during their audit period,
7 that .15 percent equated to 64 kilograms
8 of raw material."
9 Do you see that sentence,
10 sir?
11 A. I see it.
12 Q. And then he goes on to talk
13 about several other examples. "He went
14 on to say that manufacturers are making
15 larger batch sizes and greater quantities
16 of controlled product than in years
17 past." It's talking about how y'all are
18 making more controlled substances than
19 have been made in years before, right?
20 MS. VANNI: Objection.
21 THE WITNESS: He's
22 referencing the fact that the
23 demand for these products is
24 increasing or that certain

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1 companies are taking on a greater
2 percentage of the overall market.
3 BY MR. BUCHANAN:
4 Q. And your sales certainly
5 reflected that in 2011, right, sir?
6 MS. VANNI: Objection.
7 THE WITNESS: I think we
8 already talked about the fact that
9 our sales increased over time.
10 But what you have to understand is
11 that those sales may have
12 increased because business from
13 other companies may have shifted
14 to our company. It doesn't
15 necessarily mean that the overall
16 market was growing.
17 BY MR. BUCHANAN:
18 Q. "He went on to say that
19 manufacturers are making larger batch
20 sizes and greater quantities of
21 controlled product than in years past.
22 DEA is seeing a much higher rate of
23 prescription drug abuse and diversion as
24 compared to illicit drugs now. Yet, in

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1 his opinion, nothing has changed on the
2 manufacturer's side in regards to the way
3 we do reconciliations. He stated that we
4 have the public's trust in our hands and
5 we need to be sure that we are staying
6 ahead of the curve by monitoring current
7 diversion trends and tightening our
8 processes."
9 Did I read that correctly?
10 A. You read it correctly.
11 Q. Continuing on to 567.3. It
12 continues. "We discussed how DEA is
13 thinking in regards to accountability has
14 changed over the years."
15 Do you see that sir?
16 A. I see that.
17 Q. Okay. "And how it was
18 similar to the policy change that
19 occurred a couple of years ago as
20 suspicious order monitoring, SOMs. DEA
21 then spoke about SOMs at length and also
22 discussed the need to monitor customers,
23 wholesalers in particular, including our
24 wholesalers' customers through periodic

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1 audits or on-site visits."
2 Did I read that correctly?
3 A. That's what it says.
4 Q. Okay. And then what did
5 Ms. Hernandez say about whether Qualitest
6 was doing that?
7 A. Do you want me to read it?
8 Q. Yeah.
9 A. "This is not something that
10 we are currently doing and another item
11 that we will need to work on improving."
12 Q. Right. So this is now 2011,
13 sir. And we're looking at DEA in a
14 sit-down with the company is talking
15 about how manufacturers aren't doing
16 enough, and they're just growing batch
17 sizes, and you've got the public's trust
18 in your hands. Yet you are not
19 monitoring your customers or your
20 customers' customers, right?
21 MS. VANNI: Object to form.
22 THE WITNESS: I think this
23 -- I think this document is
24 outlining a lot of areas the DEA

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1 was providing guidance on
2 improving.
3 A lot of what they're
4 talking about here is
5 accountability within the plants,
6 which was another big area of
7 focus for us in terms of improving
8 those processes and procedures,
9 given the limitations of some of
10 the systems to, you know, account
11 and properly reconcile the
12 inventories.
13 BY MR. BUCHANAN:
14 Q. It says, "DEA then spoke
15 about SOMs at length and also discussed
16 the need to monitor customers,
17 wholesalers in particular."
18 A. Right.
19 Q. Do you see that?
20 A. I see that.
21 Q. "Including our wholesalers'
22 customers."
23 Do you see that, sir?
24 A. I see that.

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1 Q. "Monitor your customers and
2 your customers' customers."
3 Something you were told by
4 the DEA in 2011, correct, sir?
5 A. That's what the inspector
6 said here, yes.
7 Q. "Through periodic audits and
8 on-site visits," correct?
9 A. Correct.
10 Q. Okay. And we could agree,
11 sir, that Ms. Hernandez was the head of
12 DEA compliance at this point in time,
13 right?
14 A. She was the head of DEA
15 compliance.
16 Q. And she said, in response to
17 that observation and discussion, "This is
18 not something we are currently doing,"
19 correct?
20 A. That's what she says.
21 Q. Right. And sitting here
22 today, sir, you don't have any facts to
23 disagree with her, correct?
24 MS. VANNI: Object to form.

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1 THE WITNESS: I think I
2 testified earlier that we were --
3 we had salespeople prior to this
4 time frame that were visiting
5 customers.
6 I think I said -- testified
7 that I did not have specific
8 information about whether or not
9 those salespeople were visiting
10 customers' customers.
11 I think what Tracey is
12 referring to here is that one of
13 the basic improvements we wanted
14 to make in the program was that --
15 was to, you know, actually put in
16 place and document visits not only
17 to our customers, but our
18 customer's customer. That's what
19 she's referring to here.
20 BY MR. BUCHANAN:
21 Q. Well, certainly the -- the
22 sentence that precedes the one that
23 you're characterizing from Ms. Hernandez
24 states, "DEA and" -- "DEA then spoke

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1 about SOMs at length and also discussed
2 the need to monitor customers,
3 wholesalers in particular, including our
4 wholesalers' customers through periodic
5 audits and on-site visits."
6 Do you see that sentence,
7 sir?
8 A. I see that.
9 Q. And she writes as the head
10 of DEA compliance, "This is not something
11 we are currently doing," correct?
12 A. That was her view at the
13 time.
14 Q. Okay.
15 MR. BUCHANAN: Next
16 document. We're going to -- we're
17 going to 573 which is Exhibit 28.
18 (Document marked for
19 identification as Exhibit
20 Endo-Macrides-28.)
21 BY MR. BUCHANAN:
22 Q. I'm passing you another
23 little stack, sir.
24 Okay. This is an e-mail

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1 exchange, let's see. It's in early 2013,
2 but it's forwarding a September 2012
3 spreadsheet. Integrated compliance risk
4 assessment. Do you see that, sir?
5 The -- the e-mail at the
6 bottom of the page from Ms. Hudson to
7 others is discussing a composite risk
8 assessment based on discussions.
9 Do you see that?
10 A. I see that.
11 Q. Okay. And that's from, I
12 guess what, September of 2012?
13 And let's go to 573.6,
14 integrated risk assessment, DEA, it's the
15 third line item, suspicious order
16 monitoring is the risk.
17 "Risk description.
18 Monitoring and reporting, not meeting all
19 requirements."
20 Do you see that, sir?
21 A. You said 573.6?
22 Q. Yes, third line. And it's
23 highlighted on the screen or should be in
24 a moment.

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1 "Monitoring and reporting
2 not meeting all requirements,
3 inconsistency across Endo."
4 Did I read that correctly,
5 sir?
6 A. You read that correctly.
7 Q. Okay. Evidence of risk,
8 okay, the DEA regulations themselves are
9 cited as evidence of your risk, right?
10 Do you see that, sir?
11 A. The evidence of risk, DEA
12 regulations, observations.
13 Q. Well, there's -- there's a
14 series of items that are there.
15 The first item that is
16 listed is evidence of risk is DEA
17 regulations. That's what's cited here,
18 right?
19 A. Right. We would have cited
20 that because we would say that --
21 Q. I'm just asking whether it's
22 written there, sir.
23 Is that what's written
24 there?

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1 A. That's the -- that's the
2 word that's written there. I'm trying to
3 explain --
4 Q. And what is the composite
5 risk that is flagged for this particular
6 item?
7 A. High.
8 Q. Okay. High. This is six
9 months before the DEA calls you in to sit
10 down, right?
11 MS. VANNI: Object to form.
12 THE WITNESS: This is a --
13 BY MR. BUCHANAN:
14 Q. Is this six months before
15 the DEA calls you in to sit down, sir?
16 MS. VANNI: Object to form.
17 BY MR. BUCHANAN:
18 Q. That's my question.
19 A. This is -- let me look at
20 the date. March 22nd -- I'm sorry.
21 Q. Remember there's the
22 e-mail --
23 A. September 3, 2012.
24 Q. Thank you, sir.

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1 We can go to the next
2 document now, sir.
3 (Document marked for
4 identification as Exhibit
5 Endo-Macrides-29.)
6 BY MR. BUCHANAN:
7 Q. It's Exhibit 29.
8 Okay. This is a report of a
9 meeting with the DEA, I guess on quota
10 issues in November of 2012.
11 Do you see that, sir?
12 A. I see that.
13 Q. We're not going to spend
14 time today talking about quota. I know
15 you haven't been designated on that
16 issue.
17 But there was a meeting
18 among the compliance folks and -- and the
19 DEA concerning the allocation of the
20 company to quota for manufacturing of
21 certain products, correct?
22 A. That's correct.
23 Q. Okay. I'd like to direct
24 your attention to 1082.2, in the middle

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1 of the page. And we're just going to try
2 and move through this quickly, sir.
3 "Ms. Gehrmann also pointed
4 out that we must realize that some of our
5 molecule..."
6 Do you see that paragraph?
7 A. I see that.
8 Q. Okay. In the middle of the
9 page she said, "Ms. Gehrmann also stated
10 that she reviews our sales data
11 specifically looking at which customers
12 we sell to, and if it is someone we
13 shouldn't be like CVS in Florida."
14 Let's pause on that.
15 Do you recall you were
16 overselling drug that went to the CVS in
17 Florida that had its license revoked?
18 MS. VANNI: Object to form.
19 THE WITNESS: Do I recall
20 that we were selling to a CVS in
21 Florida?
22 BY MR. BUCHANAN:
23 Q. You were selling drug that
24 went to a CVS in Florida that had its

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1 license revoked.
2 A. I don't have any specific
3 knowledge of that.
4 Did we review a document
5 that stated that?
6 Q. Let me -- let's just move
7 forward.
8 "Ms. Gehrmann also stated
9 that she reviews our sales data
10 specifically looking at which customers
11 we sell to and if someone" -- "if it is
12 someone we shouldn't be, then she would
13 not grant us additional quota."
14 And then it continues: "We
15 concluded from this statement that if we
16 aren't monitoring and evaluating who we
17 sell our products to, the DEA certainly
18 is and expects that we are. This further
19 supports the DEA compliance group's
20 position on enhancing our SOMs program
21 for the Qualitest business."
22 Do you see that, sir?
23 A. I see that.
24 Q. Okay. And we know, sir,

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1 that the company was not looking at
2 chargeback data prior to sitting down
3 with the DEA in March of 2013, correct?
4 MS. VANNI: I object that
5 you didn't read the complete
6 sentence there.
7 MR. BUCHANAN: I'm fine with
8 that.
9 I don't know where it is.
10 Is it on the screen still? I
11 think I did read the complete
12 sentence.
13 MS. VANNI: No.
14 MR. BUCHANAN: All right.
15 The question is lost to me at this
16 point, but...
17 THE REPORTER: Do you want
18 me to read back?
19 MR. BUCHANAN: Okay.
20 THE REPORTER: Want me to
21 read it back?
22 MR. BUCHANAN: I'll read
23 the -- the full sentence.
24 BY MR. BUCHANAN:

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1 Q. "We concluded from the
2 statement that if we aren't monitoring
3 and evaluating who we sell our products
4 to, the DEA certainly is and expects that
5 we are."
6 Did I read that correctly,
7 sir?
8 A. You did.
9 Q. "This further supports the
10 DEA compliance group's position on
11 enhancing our SOMs program for the
12 Qualitest business as well as the
13 transferring the responsibility for its
14 execution into the DEA compliance group."
15 Did I read that correctly,
16 sir?
17 A. You did.
18 Q. Okay. You had consultants
19 come in again in early 2013. You
20 actually got tipped off that the DEA was
21 going to be calling you in to talk to
22 them, right, sir?
23 MS. VANNI: Object to form.
24 THE WITNESS: I'm not sure

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1 what you're referring to.
2 BY MR. BUCHANAN:
3 Q. In January 2013, the company
4 got a heads-up that it was going to get
5 called in to see the DEA in March.
6 MS. VANNI: Object to form.
7 BY MR. BUCHANAN:
8 Q. Do you remember that?
9 A. I'm not sure what heads-up
10 you're referring to. Is there a document
11 that you're referring to?
12 Q. Have you seen -- are you
13 aware of that, sir, as a representative
14 for the company, that in early
15 January 2013 the company got a heads-up
16 that it was going to get called in to see
17 the DEA in March about its shipments of
18 various controlled substances?
19 MS. VANNI: Objection. It's
20 not --
21 BY MR. BUCHANAN:
22 Q. Are you aware of that?
23 MS. VANNI: Objection. It's
24 not a memory test.

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1 THE WITNESS: I don't recall
2 a, quote, heads-up specifically.
3 BY MR. BUCHANAN:
4 Q. Okay. How about just
5 notice? Do you remember the company got
6 notice that it was going to get called in
7 to speak to the DEA about its SOMs
8 programs and its shipments of controlled
9 substances?
10 A. I understand that the
11 company was asked to come and meet with
12 DEA in March of 2013.
13 Q. And then in January of 2013,
14 the company called Buzzeo Cegedim to come
15 in and do an audit again, right? Sir,
16 I'm sorry, it was confusing. We are in
17 Exhibit 31.
18 A. Oh, I'm sorry.
19 (Document marked for
20 identification as Exhibit
21 Endo-Macrides-31.)
22 MS. VANNI: I don't have
23 that exhibit.
24 THE WITNESS: I don't have

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1 that exhibit. I'm on Exhibit 30.
2 MS. VANNI: I don't have --
3 BY MR. BUCHANAN:
4 Q. Let's move to Exhibit 31,
5 get everybody caught up.
6 MS. VANNI: This is 31?
7 MR. BUCHANAN: Mm-hmm.
8 MS. VANNI: Thank you.
9 THE WITNESS: Okay. So this
10 is --
11 BY MR. BUCHANAN:
12 Q. It's an e-mail from
13 Ms. Hernandez further forwarding an
14 earlier e-mail reporting on the Buzzeo
15 audit.
16 Do you see that, sir?
17 A. So I see an audit was done
18 in January.
19 Q. Okay. "On January 16th and
20 17th, 2013, a review of our suspicious
21 order monitoring system was conducted by
22 consultants."
23 Do you see that?
24 A. I see that.

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1 Q. "The consultants concluded
2 that our current SOM program systems and
3 procedures 'do not meet the regulatory
4 requirements,'" in quotes.
5 Do you see that, sir?
6 Middle of the page.
7 MR. HOLLINGSWORTH: I think
8 you might be moving a little fast
9 --
10 BY MR. BUCHANAN:
11 Q. "The consultants concluded
12 that our current SOMs program systems and
13 procedures 'do not meet the regulatory
14 requirements.'"
15 Do you see that, sir?
16 A. I see that statement.
17 Q. Okay. They're recommending
18 increasing due diligence, correct?
19 Do you see that, sir?
20 A. Yes.
21 Q. They're saying you've got to
22 remove sales and marketing and customer
23 service functions from the SOM
24 decisionmaking process, correct?

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1 A. That's one of the
2 recommendations.
3 Q. So that was still going on
4 in 2013, right?
5 MS. VANNI: Object to form.
6 BY MR. BUCHANAN:
7 Q. As of the time of this
8 audit, sales and marketing and customer
9 service functions were overseeing the
10 SOMs process?
11 A. The order -- the review of
12 orders was still occurring within the
13 sales and marketing and customer service
14 functions.
15 Q. Notwithstanding what you had
16 been told about the conflict of interest
17 with sales?
18 MS. VANNI: Object to form.
19 BY MR. BUCHANAN:
20 Q. Correct?
21 A. The order -- the review of
22 orders was still being done by the sales
23 and marketing group, who also have a
24 responsibility for compliance.

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1 Q. Well, your consultants
2 certainly told you straight up, again,
3 that sales and marketing and customer
4 service needed to be removed from the
5 decisionmaking process, right?
6 MS. VANNI: Object to form.
7 THE WITNESS: That was the
8 recommendation of the consultants.
9 BY MR. BUCHANAN:
10 Q. Because it's contrary to
11 their primary mission of helping accounts
12 with their current business and
13 encouraging new business. That's what
14 they wrote to you, right?
15 A. That was their
16 recommendation.
17 Q. Okay. And again, at 1052.4,
18 Item 5, some five years after consultants
19 had told you that you needed a
20 statistically defensible validated SOM
21 program, your consultants are evaluating
22 your program and saying, you need a
23 statistically tested and validated SOM
24 program, right?

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1 A. That's one of their
2 recommendations.
3 Q. Okay.
4 (Document marked for
5 identification as Exhibit
6 Endo-Macrides-32.)
7 BY MR. BUCHANAN:
8 Q. Let's go to Exhibit 32.
9 Following this audit by -- I guess this
10 is the Cegedim Buzzeo group again,
11 Ms. Hernandez, in communication with her
12 boss or colleague, sends a DEA compliance
13 initiatives presentation.
14 Do you see that, sir?
15 A. I see that.
16 Q. Okay. I'd like to direct
17 your attention to Page 1071.8. Those
18 numbers in the top right corner. This is
19 a SWOT analysis summary, right?
20 A. That's what it is.
21 Q. Okay. And so as of
22 February 2013, the company has an
23 awareness that it has inadequate SOMs,
24 right, sir?

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1 MS. VANNI: Object to form.
2 BY MR. BUCHANAN:
3 Q. Do you see that, sir?
4 A. I'm just looking at it here.
5 That's the term she uses.
6 Q. Right. Inadequate, correct?
7 A. That's the term she uses.
8 Q. Okay.
9 A. I wouldn't necessarily agree
10 with that.
11 Q. Well, what the head of DEA
12 compliance wrote about the company's
13 suspicious order monitoring system as of
14 February 2013, before the DEA even had to
15 say anything to you, was that you had not
16 adequate SOMs?
17 MS. VANNI: Object to form.
18 THE WITNESS: This document
19 is --
20 BY MR. BUCHANAN:
21 Q. Is that what the head of DEA
22 compliance wrote in February 2013, sir?
23 A. That's the word she used on
24 this slide here.

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1 Q. Okay. She also wrote --
2 A. I can tell you what this
3 document -- what this document -- the
4 intent of this document was to be
5 impactful to create urgency around
6 driving this change, that in fact we were
7 already -- had identified these areas as
8 areas we needed to improve.
9 Q. In fact, sir, you were not
10 apart of this discussion or process in
11 any respect, correct?
12 MS. VANNI: Object to form.
13 THE WITNESS: I was not
14 involved in creating this
15 document, if that's what you're
16 asking me.
17 BY MR. BUCHANAN:
18 Q. You were not of the process
19 of evaluating the SOMs system in 2013,
20 correct?
21 A. I was not.
22 Q. You were not part of
23 interacting with the DEA on the SOMs
24 system in 2013, correct?

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1 A. I was not.
2 Q. You were not part of
3 assessing whether it was adequate or not
4 for purposes of the company in 2013,
5 correct?
6 A. I was not.
7 Q. The person who did write
8 that you had inadequate SOMs as of
9 February 2013, correct?
10 A. That's the word she used.
11 Q. She also said, you had a
12 lack of training and compliance-first
13 culture, correct?
14 A. Those are the words she
15 used.
16 Q. She said you had limited
17 resources, right?
18 A. Those are the words she
19 used.
20 Q. Another weakness she said
21 were your DEA-related security and
22 controls, right?
23 A. That's what she wrote.
24 Q. Because you'd actually had

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1 some issues with that, right, loss and
2 material that was unaccountable or
3 unaccounted for, sir?
4 MS. VANNI: Object to form.
5 THE WITNESS: I'm aware that
6 we had some situations where we --
7 some reconciliation issues, some
8 diversion issues within the plant.
9 I'm aware of some events
10 around that.
11 This document is --
12 BY MR. BUCHANAN:
13 Q. It's not good, right?
14 MS. VANNI: Object to form.
15 THE WITNESS: This document
16 is highlighting again areas that
17 we had identified where we could
18 improve and enhance our programs.
19 That was the purpose of the
20 document.
21 BY MR. BUCHANAN:
22 Q. And one of the reasons why,
23 sir, is because you had inadequate SOMs
24 in the words of the DEA compliance head

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1 as of this point in time, correct, sir?
2 MS. VANNI: Object to form.
3 THE WITNESS: I don't agree
4 that our programs were inadequate.
5 I believe we had programs in
6 place to review suspicious orders,
7 to identify suspicious orders, and
8 to prevent the abuse and diversion
9 of our products.
10 BY MR. BUCHANAN:
11 Q. And with respect, sir, you
12 had no role or responsibility for any
13 aspect of this in 2013?
14 A. I already testified to that.
15 Q. The answer to that is,
16 "You're right, Mr. Buchanan, I didn't."
17 A. I didn't have direct --
18 MS. VANNI: Object to form.
19 Argumentative.
20 BY MR. BUCHANAN:
21 Q. Right?
22 A. I did not have direct
23 responsibility for DEA compliance.
24 Q. You had no responsibility

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1 for DEA compliance in 2013, none.
2 A. I did not have
3 responsibility for DEA compliance. I
4 already testified to that.
5 MR. BUCHANAN: Okay. Do you
6 want to take a short break?
7 MS. VANNI: Yeah.
8 THE VIDEOGRAPHER: Off the
9 record at 4:41 p.m.
10 (Short break.)
11 THE VIDEOGRAPHER: We are
12 back on the record at 5:14 p.m.
13 BY MR. BUCHANAN:
14 Q. Okay. Sir, we're going to
15 shift gears a little bit. We spent some
16 time, and we're still talking about
17 Qualitest at this point. We've been
18 doing that for the last several minutes
19 certainly.
20 We talked about the meeting
21 that the DEA had with the Qualitest folks
22 in March of 2013. Then we talked about
23 some of the statements and
24 recommendations, requests made of

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1 Qualitest with regard to its SOMs program
2 at that point in time.
3 And then we looked to orient
4 you again about kind of the statements
5 that have been made and the information
6 the company received from consultants and
7 its internal folks about the limitations
8 or inadequacies of the program or other
9 facts about the program over time.
10 Do you recall our
11 discussions about those items?
12 A. I recall the discussions
13 we've had.
14 Q. Okay. Now I want to zoom
15 forward a little bit, because what ended
16 up happening, sir, is that after the --
17 after the meeting with the DEA, this
18 whole thing got escalated up to the board
19 of directors and the company started
20 implementing some of these changes,
21 correct?
22 MS. VANNI: Object to form.
23 THE WITNESS: I wouldn't
24 characterize it that way. In

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1 fact, you know, these improvement
2 opportunities, many of them had
3 been identified prior to the DEA
4 meeting and had been identified as
5 part of a comprehensive compliance
6 program with relation to the
7 Qualitest business.
8 BY MR. BUCHANAN:
9 Q. Okay. Well, I mean,
10 let's -- you don't have to characterize
11 it, sir. We've got the memo that went to
12 the board of directors.
13 It's not in your stack right
14 now. I didn't intend to mark this, but
15 we will.
16 MR. BUCHANAN: It's E-391.
17 I'll get it up on the screen while
18 we're getting ready to mark it.
19 And this is going to be -- our
20 next in order is what, Charles?
21 (Document marked for
22 identification as Exhibit
23 Endo-Macrides-42.)
24 MR. BUCHANAN: 42.

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1 BY MR. BUCHANAN:
2 Q. Exhibit 42 is a memo to the
3 board of directors, right?
4 MS. VANNI: Thank you.
5 BY MR. BUCHANAN:
6 Q. Executive sponsor, Peter
7 Bigelow. Brian Lortie. Risk manager,
8 James Edwards. Michael Moes. Sanjay
9 Patel. BOD committee.
10 Do you see that, sir?
11 A. I see that.
12 Q. Okay. Key action date, June
13 6, 2013, ELC discussion.
14 Do you see that off to the
15 right?
16 A. I see that.
17 Q. And then BOD discussion.
18 Do you see that?
19 A. I see that.
20 Q. BOD is board of directors?
21 A. BOD is board of directors.
22 Q. BOD committee, to the left
23 says full BOD, right, meaning full board
24 of directors?

<p style="text-align: right;">Page 478</p> <p>1 A. Correct. The risk plan 2 would have been presented to the full 3 board. 4 Q. And ELC is the executive 5 leadership committee? 6 A. Executive leadership 7 committee. 8 Q. Okay. So the supply chain 9 and DEA compliance meeting is being 10 presented to not only the executives but 11 also the full board of directors, 12 correct? 13 A. Yeah, just to clarify. This 14 document is part of the normal risk 15 assessment process that is conducted by 16 the company as a regular course of 17 business and presented to the board of 18 directors periodically. 19 So it wouldn't have just 20 been supply chain and DEA compliance. It 21 would have been the full risk profile of 22 the business that would have been 23 presented to the board of directors. 24 Q. I'm just going to ask you to</p>	<p style="text-align: right;">Page 480</p> <p>1 A. I see it. 2 Q. It could have eluded you. 3 I'm sorry. Below that, 4 please. 5 "Impact of DEA remediation 6 efforts to address the compliance 7 findings in our internal manufacturing 8 plants." It says, "Potential business 9 impact could vary from formal agency 10 regulatory observations during external 11 audits to agency regulatory actions 12 preventing us from commercially 13 distributing one or more products due to 14 license revocation," right? 15 Do you see that, sir? 16 A. Yeah. 17 Q. Did I read that correctly? 18 I'm not asking for comments. Do you see 19 that, sir? 20 A. Yeah, I see it. 21 Q. Okay. Let's focus on, 22 "Background and current state, Qualitest 23 business unit." 24 Do you see that section?</p>
<p style="text-align: right;">Page 479</p> <p>1 stay with my question, sir. I do have 2 limited time unless we are going to go 3 over a little bit. 4 So, staying with my 5 question, this was presented to the full 6 board of directors, correct? 7 A. This document was presented 8 to the full board of directors. 9 Q. Seen it before -- 10 A. I just -- 11 Q. Have you seen it before, 12 sir? 13 A. I have seen this document. 14 Q. You have, okay. All right. 15 So let's move forward to Risk Component 16 2. It's on 391.5. 17 "Impact of DEA remediation 18 efforts to address the compliance 19 findings in our internal manufacturing 20 plants." 21 A. You're on 391.5? 22 Q. Continuing onto 391.6. 23 A. Oh, okay. 24 Q. Last sentence at the bottom.</p>	<p style="text-align: right;">Page 481</p> <p>1 A. I see that. 2 Q. "In a meeting with DEA on 3 March 6, 2013, DEA identified gaps 4 associated with our suspicious order 5 monitoring system and lack of monitoring 6 of sales to customers' customers." 7 Did I read that correctly, 8 sir? 9 A. You did. 10 Q. That March 6, 2013, meeting 11 is the meeting we've been talking about, 12 right? 13 A. It would be. 14 Q. Okay. "The compliance team 15 has additionally identified risks 16 associated with employee background 17 checks, high number of incidents related 18 to potential diversion, mezzanine 19 activities and end-of-year inventory 20 reconciliation." 21 Did I read that correctly? 22 A. You read it correctly. 23 Q. It said, "Qualitest had 24 experienced nine DEA-reportable events so</p>

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1 far in 2013." Right?

2 A. That's what it says.

3 Q. And when it's talking about

4 those reportable events, we know those

5 aren't suspicious orders that are being

6 reported. Those are in fact other things

7 that are going on in plants, right?

8 MS. VANNI: Object to form.

9 THE WITNESS: Those could be

10 any number of things.

11 BY MR. BUCHANAN:

12 Q. We know they're not

13 suspicious orders, right, as of this

14 point?

15 A. My understanding would be

16 that those would not be suspicious

17 orders.

18 Q. Okay. Thank you, sir. And

19 then there's an action plan described,

20 right?

21 A. Yes. The purpose of this

22 document is to highlight risks across the

23 business and --

24 MR. BUCHANAN: Move to

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1 strike, sir. Please stay with my

2 question.

3 BY MR. BUCHANAN:

4 Q. There is an action --

5 A. I'm answering your question.

6 Q. No. My question is, there

7 is an action plan, correct?

8 A. There is an action plan.

9 That's what we've been talking --

10 Q. Thank you. Within that

11 action plan it says, "Implement" --

12 implement is the word that's used,

13 correct?

14 A. That's the word that's used.

15 Q. "Implement the suspicious

16 order monitoring program by end of 2013

17 for Qualitest and mid-2014 for branded

18 products."

19 Do you see that, sir? Do

20 you see that, sir?

21 A. I see that.

22 Q. Okay. "The program will

23 create a solution to monitor," and then

24 it lists three things, four things,

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1 correct?

2 Do you see that, sir?

3 A. I see that.

4 Q. It says, "The program will

5 create a solution to monitor, first,

6 sales orders to customers," right?

7 A. Sales orders to customers.

8 Q. "It will create a system to

9 review chargeback data," correct?

10 A. Review chargeback data.

11 Q. "It will create a system to

12 know your customer," right?

13 MS. VANNI: Object to form.

14 Use of the word "system."

15 THE WITNESS: These are

16 components of an enhanced

17 suspicious order monitoring

18 program that this document --

19 BY MR. BUCHANAN:

20 Q. "The program will create a

21 solution to monitor know your customer

22 program," correct?

23 Is that what it states?

24 A. These are components --

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1 Q. Is that what it states, sir?

2 A. It states, "Know your

3 customer program as a component of an

4 enhanced suspicious order monitoring

5 program."

6 Q. It says, "The program will

7 create a solution," correct, sir?

8 A. That's what the document

9 says.

10 Q. Okay. And also create a

11 SOMs database, correct, sir?

12 A. That's what it says.

13 Q. Okay. And it talks about

14 how the company is now investing and

15 hiring personnel to further manage a SOMs

16 program.

17 Do you see that?

18 A. I see that.

19 Q. Okay. One of the

20 individuals that was hired as part of

21 that process was a Mr. Brantley, correct?

22 A. Eric would have been hired

23 to work in the DEA compliance group.

24 Q. Okay. And he was hired to

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<p>1 work in the suspicious order monitoring 2 group, correct? 3 MS. VANNI: Object to form. 4 THE WITNESS: He was hired 5 to enhance the suspicious order 6 monitoring program. 7 BY MR. BUCHANAN: 8 Q. Okay. Well, it says here to 9 create one, right? 10 MS. VANNI: Object to form. 11 BY MR. BUCHANAN: 12 Q. That's what it said, right? 13 A. What this document is saying 14 is to -- 15 Q. Withdrawn, sir. 16 A. -- to agree to enhance -- 17 Q. Withdrawn. Withdrawn, sir. 18 A. DEA compliance. 19 Q. Withdrawn. 20 MS. VANNI: You need to 21 allow -- 22 BY MR. BUCHANAN: 23 Q. Sir, if you're not staying 24 with my questions, we're going to move</p>	<p>1 testifying that the company was 2 implementing an enhanced suspicious order 3 monitoring program. 4 Q. Again, as a person who is 5 disagreeing with the language in 6 documents who is not involved with the 7 decision in any way in 2013, correct? 8 A. I reviewed documents -- 9 Q. Were you involved in any 10 way -- 11 A. I'm speaking on behalf of 12 the company -- 13 MS. VANNI: Let him answer 14 the question. 15 THE WITNESS: I have 16 reviewed documents -- 17 MR. BUCHANAN: Withdrawn. 18 Withdrawn. 19 MS. VANNI: I'm going to 20 state an objection too, because he 21 was educated and he's here 22 testifying as a 30(b)(6). And you 23 can't accept testimony that's 24 convenient for you and reject</p>
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<p>1 along. 2 Exhibit 33. Do you have 3 that before you? 4 MS. VANNI: I don't. 5 (Document marked for 6 identification as Exhibit 7 Endo-Macrides-33.) 8 MR. BUCHANAN: You were 9 passed that one already. 10 MS. VANNI: I was? Okay. 11 BY MR. BUCHANAN: 12 Q. So what ended up happening, 13 sir, is Mr. Brantley was hired in the 14 fall of 2013. And the company got about 15 implementing a suspicious order 16 monitoring program, right? 17 A. The company enhanced its 18 suspicious order monitoring system. 19 Q. Well, we've looked, 20 obviously, at language the company was 21 using about implementing and creating a 22 program, right? You saw that language? 23 A. I'm here to -- I'm here to 24 testify on behalf of the company, and I'm</p>	<p>1 testimony that's not convenient 2 for you. 3 This witness has been 4 educated on 30(b)(6) issues and is 5 entitled to infer documents that 6 you are asking him to infer. And 7 it is not fair to take part of it 8 and not another part. Just note 9 my objection. 10 MR. BUCHANAN: All you got 11 to say is "objection to form." 12 BY MR. BUCHANAN: 13 Q. Okay. So the question was 14 withdrawn. And, therefore, it was an 15 inapt comment. 16 MS. VANNI: Well, it applies 17 retroactive to your other 18 document. 19 MR. BUCHANAN: Mr. -- I 20 don't know what that applies to. 21 BY MR. BUCHANAN: 22 Q. Mr. Macrides -- 23 MS. VANNI: The record will 24 speak for itself.</p>

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1 MR. BUCHANAN: As it always
2 does.
3 BY MR. BUCHANAN:
4 Q. Mr. Macrides, you were not
5 involved in the decisions either at the
6 board of director, at the ELC level, or
7 at the management level concerning
8 response to the DEA's actions in March of
9 2013, correct?
10 A. I sat -- during this time
11 frame, I sat on Denise Hudson's
12 leadership team. Denise Hudson had
13 overall responsibility for the compliance
14 program at Qualitest, including DEA and
15 FDA compliance.
16 In my role at that time, I
17 would have had visibility to these plans
18 and I would have had the opportunity to
19 comment on them.
20 Q. So we just took about a
21 25-minute break. And I got to know, sir,
22 what did you look at on the break that
23 caused you to just change your testimony
24 about your role and involvement about the

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1 company's response to the DEA meeting in
2 2013?
3 MS. VANNI: Objection to
4 form.
5 BY MR. BUCHANAN:
6 Q. What were you shown to
7 refresh your recollection and recant your
8 testimony before the break about your
9 role and involvement about response to
10 the DEA meeting in March of 2013?
11 Please tell the jury.
12 A. I --
13 MS. VANNI: Objection. And
14 he is not recanting any testimony.
15 It's an unfair characterization.
16 BY MR. BUCHANAN:
17 Q. What did you review during
18 the break?
19 A. I didn't review anything. I
20 just -- you just -- you challenged me on
21 my knowledge and my engagement in some of
22 these documents and some of these issues
23 were discussed. And I'm just clarifying
24 that my -- my involvement and engagement,

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1 that's all.
2 Q. During the break were you
3 having discussions with counsel, sir?
4 A. Of course I was having
5 discussions with counsel.
6 Q. Thank you.
7 MS. VANNI: Object to form.
8 MR. BUCHANAN: Was the
9 witness shown documents during the
10 break, Counsel?
11 MS. VANNI: Oh, I'm not
12 being deposed, Counsel. And you
13 are not entitled --
14 MR. BUCHANAN: Aiding the
15 witness in recanting and changing
16 his testimony is inappropriate.
17 MS. VANNI: Okay. Well, I
18 take offense to that, because I
19 have not done any such thing and
20 would never do any such thing.
21 MR. BUCHANAN: Well, when --
22 MS. VANNI: And this witness
23 is not recanting his testimony.
24 He is providing context to

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1 documents that you are questioning
2 him about and then saying he
3 was -- he has no personal
4 knowledge of it.
5 All we're saying is he was
6 shown documents in preparation for
7 his 30(b)(6) testimony here.
8 Those documents regardless of
9 whether he was involved in them
10 personally or not, if he was
11 educated on them, he should be
12 allowed to testify fully to them.
13 MR. BUCHANAN: He is --
14 MS. VANNI: And not what you
15 want to choose to ask him about.
16 He should be able to provide
17 context, and you are moving to
18 strike his testimony in an
19 improper way, frankly, because he
20 didn't have personal knowledge of
21 it.
22 And our -- my point simply
23 is, that he has been educated on
24 these documents and should be able

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<p>1 to testify fully to them.</p> <p>2 MR. BUCHANAN: What he</p> <p>3 shouldn't be is educated over a</p> <p>4 break by counsel, during an</p> <p>5 examination, Counsel.</p> <p>6 MS. VANNI: And -- and he</p> <p>7 was not done --</p> <p>8 MR. BUCHANAN: He was in the</p> <p>9 middle of cross-examination. And</p> <p>10 I -- look, the record does speak</p> <p>11 for itself and the jury or the</p> <p>12 judge will decide whether, in</p> <p>13 fact, he was coached into changing</p> <p>14 his testimony.</p> <p>15 MS. VANNI: Okay. Well, I</p> <p>16 wanted the record to be clear --</p> <p>17 BY MR. BUCHANAN:</p> <p>18 Q. I'm referring to</p> <p>19 Exhibit 33 --</p> <p>20 MS. VANNI: Well, wait. I</p> <p>21 want the record to be clear --</p> <p>22 MR. BUCHANAN: We'll just</p> <p>23 add time to this.</p> <p>24 MS. VANNI: -- that I</p>	<p>1 visit some of these customers that</p> <p>2 haven't been visited by compliance,</p> <p>3 right?</p> <p>4 A. He's visiting customers as</p> <p>5 part of an enhanced suspicious order</p> <p>6 monitoring program that we were</p> <p>7 implementing.</p> <p>8 Q. And -- and what he's</p> <p>9 finding, sir, when he goes and puts boots</p> <p>10 on the ground and turns over the log and</p> <p>11 looks underneath, isn't so pretty, right?</p> <p>12 MS. VANNI: Object to form.</p> <p>13 THE WITNESS: Are -- are you</p> <p>14 asking me to comment on a specific</p> <p>15 part of the --</p> <p>16 BY MR. BUCHANAN:</p> <p>17 Q. Have you -- well, did you</p> <p>18 look at these due diligence files that</p> <p>19 Mr. Brantley generated when he started</p> <p>20 going to look at some of the people you</p> <p>21 were selling drugs to?</p> <p>22 MS. VANNI: Objection.</p> <p>23 BY MR. BUCHANAN:</p> <p>24 Q. My question to you, sir, is</p>
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<p>1 engaged in no such coaxing.</p> <p>2 MR. BUCHANAN: Okay.</p> <p>3 MS. VANNI: I want the</p> <p>4 record to be clear.</p> <p>5 MR. BUCHANAN: We have the</p> <p>6 witness's testimony before and</p> <p>7 after the break that's pretty</p> <p>8 evident.</p> <p>9 MS. VANNI: That's fine.</p> <p>10 BY MR. BUCHANAN:</p> <p>11 Q. Mr. Brantley was, in fact,</p> <p>12 an individual that was brought in to --</p> <p>13 as a SOMs manager, correct?</p> <p>14 A. He was.</p> <p>15 Q. Okay. Customer due</p> <p>16 diligence and SOMs manager.</p> <p>17 This is a letter that -- or</p> <p>18 a report of a site visit from early 2014.</p> <p>19 Do you see that, sir?</p> <p>20 A. I see that.</p> <p>21 Q. Because what's happening</p> <p>22 here, and after the meeting with the DEA</p> <p>23 in the spring of 2013, is Mr. Brantley is</p> <p>24 now boots on the ground and going out to</p>	<p>1 did you look at the due diligence files</p> <p>2 of Mr. Brantley from when he actually put</p> <p>3 boots on the ground?</p> <p>4 A. Did I review them as part of</p> <p>5 my preparation?</p> <p>6 Q. Yes.</p> <p>7 MS. VANNI: Objection.</p> <p>8 THE WITNESS: Yes, I</p> <p>9 reviewed documents around customer</p> <p>10 visits.</p> <p>11 BY MR. BUCHANAN:</p> <p>12 Q. And so what we see here is a</p> <p>13 report of a customer visit to -- it looks</p> <p>14 like he took a road trip through Texas,</p> <p>15 looking at a bunch of Texas entities.</p> <p>16 Do you recall looking at</p> <p>17 those, sir?</p> <p>18 MR. BUCHANAN: Can we go,</p> <p>19 please, to the second page?</p> <p>20 THE WITNESS: Is that --</p> <p>21 BY MR. BUCHANAN:</p> <p>22 Q. Exhibit 33. "A Qualitest</p> <p>23 Pharmaceuticals retail pharmacy</p> <p>24 questionnaire was received from the</p>

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1 following retail pharmacy seeking to
 2 continue purchasing controlled substances
 3 from Qualitest."
 4 Do you see that, sir?
 5 A. I see that.
 6 Q. Advanced Pharmacy is the one
 7 that he's referring to?
 8 A. Yes, in Texas.
 9 Q. Goes into the pharmacy and
 10 he sees no front-end merchandise, right?
 11 A. Yes.
 12 Q. Nothing?
 13 A. Right.
 14 Q. Went in, all he had to do
 15 was walk in the door and know that it
 16 didn't smell right in that situation,
 17 right?
 18 MS. VANNI: Object to form.
 19 THE WITNESS: He conducted
 20 a -- he conducted a site visit and
 21 generated some concerns about this
 22 customer. That's what this
 23 document is highlighting.
 24 BY MR. BUCHANAN:

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1 Q. Right. And he went in and
 2 he asked for dispensing history as part
 3 of the questionnaire and the Q&A process.
 4 And it looks like the customer was
 5 manipulating the dispensing histories,
 6 right?
 7 It reads, "The dispensing
 8 histories were not from the program used
 9 by the pharmacy, but appeared to be Excel
 10 files that had been manipulated."
 11 A. That's his observation.
 12 Q. "According to the
 13 questionnaire, 30 percent of all
 14 prescriptions were paid in cash."
 15 You know that's a red flag,
 16 right?
 17 A. That's his observation.
 18 MS. VANNI: Object to form.
 19 BY MR. BUCHANAN:
 20 Q. But you know that, sir, as
 21 the company, right?
 22 You know that 30 percent of
 23 transactions in cash is a red flag?
 24 MS. VANNI: Object to form.

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1 THE WITNESS: That would be
 2 a concern as he's highlighting
 3 here.
 4 BY MR. BUCHANAN:
 5 Q. And, in fact, the
 6 recommendation was, you shouldn't do
 7 business with them anymore, right?
 8 A. "The recommendation of the
 9 SOMs team that shipments of controlled
 10 substances to Advanced Pharmacy are
 11 discontinued."
 12 Q. Right. And so first time
 13 we've got boots on the ground in your
 14 customers.
 15 By the way, Qualitest is
 16 still doing direct business with retail
 17 pharmacies after telling the DEA in 2009
 18 that it wasn't going to do it anymore.
 19 MS. VANNI: Object to form.
 20 BY MR. BUCHANAN:
 21 Q. Right?
 22 As of 2014, Qualitest is
 23 still doing business with retail
 24 pharmacies directly, correct, sir?

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1 MS. VANNI: Object to form.
 2 THE WITNESS: I believe
 3 the -- the decision was that we
 4 weren't shipping hydrocodone
 5 products to independent retail
 6 pharmacies.
 7 BY MR. BUCHANAN:
 8 Q. I see. But the rest of the
 9 holy trinity was okay?
 10 MS. VANNI: Object to form.
 11 THE WITNESS: I'm just
 12 clarifying your assessment.
 13 BY MR. BUCHANAN:
 14 Q. Okay. So you put boots on
 15 the ground, and he actually learned this
 16 isn't a real pharmacy, right?
 17 MS. VANNI: Object to form.
 18 THE WITNESS: As part of our
 19 enhanced SOMs program, he
 20 conducted a visit and he came to
 21 some conclusions that resulted in
 22 us not shipping further to this
 23 customer.
 24 BY MR. BUCHANAN:

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1 Q. Enhanced being actually
2 doing due diligence, actually going to
3 see your customer, right?
4 MS. VANNI: Object to form.
5 THE WITNESS: I've testified
6 that this was a result of
7 enhancing our suspicious order
8 monitoring program.
9 BY MR. BUCHANAN:
10 Q. Well, okay, sir. So are you
11 saying a salesperson went in there and
12 saw that and thought that it was okay?
13 MS. VANNI: Object to form.
14 THE WITNESS: I have no
15 knowledge of a salesperson
16 visiting this customer prior to
17 Eric's visit.
18 BY MR. BUCHANAN:
19 Q. Because that -- I mean,
20 pretty obvious, right? You walk in,
21 transactions are cash, manipulated
22 records, and there's no front-end
23 merchandise. It didn't take a compliance
24 person to sniff that out, right?

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1 MS. VANNI: Object to form.
2 BY MR. BUCHANAN:
3 Q. Or shouldn't have. Can we
4 agree on that?
5 MS. VANNI: Same objection.
6 THE WITNESS: What I can
7 tell you is that Eric Brantley
8 visited this customer, generated
9 this report, and as a conclusion
10 that we stopped shipping to this
11 customer.
12 BY MR. BUCHANAN:
13 Q. Okay. Well, certainly, if a
14 sales rep had gone in and seen that and
15 allowed that to go on, that wouldn't have
16 been right, right?
17 MS. VANNI: Objection.
18 THE WITNESS: I have no
19 knowledge of a salesperson going
20 and visiting this customer prior
21 to Mr. Brantley's visit.
22 BY MR. BUCHANAN:
23 Q. Right. You have no
24 knowledge of a sales rep having gone in

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1 and done due diligence on any customer,
2 right, sir?
3 MS. VANNI: Objection.
4 THE WITNESS: I believe I
5 testified that salespeople were
6 visiting customers, but I didn't
7 have the detail of which customers
8 were visited and which customers
9 weren't.
10 BY MR. BUCHANAN:
11 Q. Well, we can agree if they
12 visited this one, they didn't do a very
13 good job, right?
14 MS. VANNI: Objection.
15 THE WITNESS: I have no
16 knowledge of a salesperson
17 visiting this customer prior to
18 Mr. Brantley's visit.
19 BY MR. BUCHANAN:
20 Q. Okay. Let's look at
21 Exhibit 34.
22 MS. VANNI: Can I have that?
23 (Document marked for
24 identification as Exhibit

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1 Endo-Macrides-34.)
2 BY MR. BUCHANAN:
3 Q. December 30, 2013,
4 Qualitest -- this is E-1139. It's an
5 e-mail from Mr. Brantley to Ms. Hernandez
6 concerning Big Tex Pharmacy. We're still
7 on Mr. Brantley's Texas road trip. Turn
8 another log and see what's under them.
9 And December 30, 2013.
10 "Qualitest Pharmaceuticals retail
11 pharmacy questionnaire was received from
12 the following retail pharmacy seeking to
13 continue purchasing controlled substances
14 from Qualitest."
15 Do you see that, sir?
16 MS. VANNI: Objection.
17 THE WITNESS: That's what it
18 says.
19 BY MR. BUCHANAN:
20 Q. Okay. Talking about this
21 pharmacy in Houston. "The past
22 12 months, Qualitest has sold dosage
23 units for several products, roughly a
24 third of which are unaccounted for by any

<p style="text-align: right;">Page 506</p> <p>1 logs," right?</p> <p>2 A. 12,000 doses of</p> <p>3 Carisoprodol. Yes, I read that.</p> <p>4 Q. "1,700 were dispensed.</p> <p>5 4,200 were unaccounted for," correct?</p> <p>6 A. That's what it says.</p> <p>7 Q. It goes on, and there's</p> <p>8 other prescriptions for other controlled</p> <p>9 substances for which pills are</p> <p>10 unaccounted for, and the owner's got no</p> <p>11 explanation for what's going on, right?</p> <p>12 A. Tex pharmacy had no</p> <p>13 explanation.</p> <p>14 Q. Right. And it says</p> <p>15 photographs revealed once again what,</p> <p>16 sir?</p> <p>17 A. "Photographs reveal no</p> <p>18 front-end merchandise."</p> <p>19 Q. What else did the</p> <p>20 photographs reveal, sir?</p> <p>21 A. "There is a waiting room</p> <p>22 with sofa and chairs. There are secured</p> <p>23 windows for consultations and pick-ups."</p> <p>24 Q. No front-end merchandise.</p>	<p style="text-align: right;">Page 508</p> <p>1 have details on those visits.</p> <p>2 Q. I understand what you said,</p> <p>3 sir. And I said, you have no evidence of</p> <p>4 any visit by a salesperson to a pharmacy</p> <p>5 to conduct due diligence, correct, sir?</p> <p>6 MS. VANNI: Objection.</p> <p>7 THE WITNESS: I believe I</p> <p>8 testified that I don't have</p> <p>9 details on customer visits that</p> <p>10 sales personnel did.</p> <p>11 BY MR. BUCHANAN:</p> <p>12 Q. Okay. Because sales was</p> <p>13 selling, right, sir? They weren't doing</p> <p>14 due diligence?</p> <p>15 MS. VANNI: Objection.</p> <p>16 Asked and answered.</p> <p>17 THE WITNESS: I believe I</p> <p>18 testified earlier that -- and I</p> <p>19 could clarify, that all of our --</p> <p>20 all of our employees had</p> <p>21 responsibilities relative to FDA</p> <p>22 and DEA compliance and compliance</p> <p>23 in general.</p> <p>24 If a salesperson was</p>
<p style="text-align: right;">Page 507</p> <p>1 They got a waiting room outside. And</p> <p>2 there's secured window for consultations</p> <p>3 and pick-ups, right?</p> <p>4 A. That's what it says.</p> <p>5 Q. Okay. And so, this is</p> <p>6 another one of those pharmacies that the</p> <p>7 sales personnel were charged with doing</p> <p>8 due diligence on, sir?</p> <p>9 MS. VANNI: Object to form.</p> <p>10 THE WITNESS: I have no</p> <p>11 knowledge of a salesperson</p> <p>12 visiting this pharmacy before the</p> <p>13 questionnaire was provided.</p> <p>14 BY MR. BUCHANAN:</p> <p>15 Q. You have no knowledge of a</p> <p>16 sales representative doing due diligence</p> <p>17 on any pharmacy, correct, sir?</p> <p>18 MS. VANNI: Objection.</p> <p>19 THE WITNESS: I testified</p> <p>20 that sales personnel were visiting</p> <p>21 customers.</p> <p>22 BY MR. BUCHANAN:</p> <p>23 Q. Oh, I understand.</p> <p>24 A. I testified that I didn't</p>	<p style="text-align: right;">Page 509</p> <p>1 visiting the customer, then</p> <p>2 compliance would be one of the</p> <p>3 things that they should have been</p> <p>4 observing.</p> <p>5 BY MR. BUCHANAN:</p> <p>6 Q. Let's go onto the next one</p> <p>7 in this Texas road trip.</p> <p>8 A. Would that be Exhibit 35?</p> <p>9 Q. Sure.</p> <p>10 (Document marked for</p> <p>11 identification as Exhibit</p> <p>12 Endo-Macrides-35.)</p> <p>13 BY MR. BUCHANAN:</p> <p>14 Q. Again, actually going and</p> <p>15 meeting your customers. Good idea,</p> <p>16 correct, sir?</p> <p>17 MS. VANNI: Objection.</p> <p>18 BY MR. BUCHANAN:</p> <p>19 Q. Can we agree that going and</p> <p>20 meeting your customers, their place of</p> <p>21 business when they're handling controlled</p> <p>22 substances, is a good idea?</p> <p>23 A. I think I've testified that</p> <p>24 visiting customers is an important part</p>

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<p>1 of a suspicious order monitoring program.</p> <p>2 Q. Absolutely. And so after</p> <p>3 you sat down with the DEA in March of</p> <p>4 2013, you hired somebody to go and do</p> <p>5 that, right?</p> <p>6 MS. VANNI: Object to form.</p> <p>7 BY MR. BUCHANAN:</p> <p>8 Q. There's a question pending.</p> <p>9 A. We enhanced our SOMs program</p> <p>10 in 2013 --</p> <p>11 Q. And that included hiring</p> <p>12 somebody --</p> <p>13 A. -- by hiring personnel, by</p> <p>14 creating a dedicated group to manage all</p> <p>15 aspects of DEA and compliance including</p> <p>16 the suspicious order monitoring and</p> <p>17 customer visits.</p> <p>18 Q. Let's go to Exhibit 35, sir.</p> <p>19 Exhibit 35, .2 reflects</p> <p>20 another site visit from this trip to</p> <p>21 Texas.</p> <p>22 BZ Pharmacy in Houston.</p> <p>23 Mr. Brantley requests dispensing</p> <p>24 histories for controlled substance.</p>	<p>1 concern, and the recommendation as a</p> <p>2 result of those concerns was discontinue</p> <p>3 shipment to this customer.</p> <p>4 Q. Right. Because when you</p> <p>5 actually went out and did questionnaires</p> <p>6 and did due diligence with your</p> <p>7 customers, who you were already shipping</p> <p>8 products to, you found these are not</p> <p>9 customers that we can trust for</p> <p>10 maintaining effective controls against</p> <p>11 diversion; isn't that right?</p> <p>12 MS. VANNI: Object to form.</p> <p>13 THE WITNESS: As I stated</p> <p>14 earlier, during this time frame,</p> <p>15 we were -- we were enhancing our</p> <p>16 suspicious order monitoring</p> <p>17 program, and these enhancements</p> <p>18 were resulting in decisions we</p> <p>19 took to not ship to certain</p> <p>20 customers --</p> <p>21 BY MR. BUCHANAN:</p> <p>22 Q. Again --</p> <p>23 A. -- as in this example.</p> <p>24 Q. Again, after the sit-down</p>
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<p>1 According to the pharmacy, they filled</p> <p>2 450 to 600 prescriptions monthly. About</p> <p>3 44 percent.</p> <p>4 But when the actual</p> <p>5 dispensing history was asked for, the</p> <p>6 pharmacy refused to provide it, correct?</p> <p>7 A. Yeah. I think what this</p> <p>8 report is saying --</p> <p>9 Q. Is that what it states, sir?</p> <p>10 A. Yeah, the question -- in the</p> <p>11 questionnaire --</p> <p>12 Q. Excuse me, sir. Please stay</p> <p>13 with my questions.</p> <p>14 According to the</p> <p>15 questionnaire, 70 percent of the</p> <p>16 prescriptions were paid in cash. Is that</p> <p>17 what it states?</p> <p>18 A. That's what it says.</p> <p>19 Q. Okay. We know that's not</p> <p>20 right.</p> <p>21 MS. VANNI: Object to form.</p> <p>22 BY MR. BUCHANAN:</p> <p>23 Q. Right?</p> <p>24 A. Certainly that would be a</p>	<p>1 with the DEA in March of 2013, right?</p> <p>2 MS. VANNI: Object to form.</p> <p>3 THE WITNESS: We had</p> <p>4 identified previously to 2013 that</p> <p>5 we needed to make certain</p> <p>6 improvements to our DEA compliance</p> <p>7 programs.</p> <p>8 BY MR. BUCHANAN:</p> <p>9 Q. You had been told for years,</p> <p>10 years, that you needed to make</p> <p>11 improvements, but it wasn't until after</p> <p>12 you sat down with the DEA in March of</p> <p>13 2013 that you hired a head of SOMs and</p> <p>14 you actually sent DEA compliance to start</p> <p>15 knocking on your customers' doors,</p> <p>16 correct?</p> <p>17 MS. VANNI: Object to form.</p> <p>18 THE WITNESS: I don't agree</p> <p>19 with that characterization.</p> <p>20 BY MR. BUCHANAN:</p> <p>21 Q. When was Mr. Brantley hired,</p> <p>22 sir?</p> <p>23 A. We had an evolving program</p> <p>24 throughout that time period. The DEA</p>

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1 meeting in 2013 was another part of that
2 evolution to get additional information,
3 additional guidance, so we could develop
4 improved programs.
5 Q. Okay. When was Mr. Brantley
6 hired, before or after the DEA meeting?
7 A. After the DEA meeting.
8 Q. Thank you. He was the head
9 of what?
10 A. He was the manager of
11 suspicious order monitoring.
12 Q. Okay. And he is the one who
13 was actually doing DEA due diligence
14 visits, correct?
15 A. He did some DEA due
16 diligence visits.
17 Q. Okay. And the
18 recommendation following the interaction
19 with this customer was stop selling,
20 right?
21 A. Based on the questionnaire,
22 yes.
23 Q. Okay. So those were all
24 retail pharmacies, or some retail

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1 pharmacies during this Texas road trip in
2 late 2013, early 2014.
3 I'd like to talk about some
4 of your interactions with your
5 distributors.
6 Did some business with an
7 entity called FW Kerr. You know that,
8 right?
9 A. FW Kerr was a wholesaler.
10 Q. I'm sorry. Okay. So not an
11 end -- not somebody who was selling
12 directly to patients. An entity that was
13 selling to other retail pharmacies,
14 correct?
15 A. They sold to other retail
16 pharmacies.
17 Q. Thank you.
18 And this is talking about a
19 site visit conducted by Mr. Brantley.
20 And this is Exhibit 36, site visit
21 report.
22 You see that?
23 (Document marked for
24 identification as Exhibit

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1 Endo-Macrides-36.)
2 THE WITNESS: I see that.
3 BY MR. BUCHANAN:
4 Q. Okay. FW Kerr, in fact,
5 services, what is it, about 130
6 pharmacies, do you see that?
7 I'm sorry, withdrawn.
8 I'd like to direct your
9 attention to the paragraph, this is
10 1087.1. Exhibit 36.
11 Site visit was conducted on
12 June 16, 2014, by Mr. Brantley out there
13 in Michigan. Says it's an -- "FW Kerr is
14 engaged in the distribution of
15 pharmaceuticals including controlled
16 substances primarily to independent
17 pharmacies," in Michigan and where, sir?
18 A. Ohio.
19 Q. Ohio. Okay. Says, in terms
20 of its SOM program, "FW Kerr does not
21 require its customers to complete
22 questionnaires," right?
23 A. That's what it says.
24 Q. That is a red flag, right?

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1 MS. VANNI: Object to form.
2 THE WITNESS: That would be
3 a potential concern.
4 BY MR. BUCHANAN:
5 Q. You had been told that by
6 consultants all the way back in 2008 and
7 2009. You need questionnaires. You've
8 got to understand your customers'
9 business, right?
10 A. Consultant's advice is that
11 we should understand our customers and
12 their customers.
13 Q. Consultant's advice, DEA
14 advice, internal people advice. All
15 things you needed as part of an effective
16 program, correct, sir?
17 A. I've already testified that
18 knowing customers and their customers is
19 part of an effective SOMs program.
20 Q. Yeah, the customers are
21 visited not by DEA compliance but by the
22 sales team, right?
23 MS. VANNI: Object to form.
24 BY MR. BUCHANAN:

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1 Q. Do you see that?
2 "FW Kerr's customers are
3 visited on a regular basis by the sales
4 team," right?
5 A. I see that.
6 Q. That's the way you used to
7 do it prior to that meeting with the DEA,
8 and before you decided that wasn't good
9 enough, right?
10 MS. VANNI: Object to form.
11 THE WITNESS: It says here,
12 "The customers are visited on a
13 regular basis by the sales team.
14 Mr. Young stated that he conducts
15 visits as well."
16 BY MR. BUCHANAN:
17 Q. Okay. And I think in the
18 bottom it says they service, what, 130
19 pharmacies? Do you see that?
20 A. It says they service 130
21 pharmacies currently.
22 Q. Okay.
23 A. At the time of this visit.
24 Q. And so one of the things

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1 that was decided after the meeting with
2 the DEA, after they told you you needed
3 to do this, was you were going to start
4 looking at chargeback data, at long last.
5 Right, sir?
6 MS. VANNI: Object to form.
7 THE WITNESS: DEA suggested
8 that we look at chargeback data,
9 yes.
10 BY MR. BUCHANAN:
11 Q. Said you need to look at
12 chargeback data, right?
13 A. As one component of the SOMs
14 program.
15 Q. Right.
16 A. That was the
17 recommendations.
18 Q. And so what you did when you
19 looked at chargeback data is you saw
20 that -- you saw a whole bunch of problems
21 with FW Kerr's customers; isn't that
22 right?
23 MS. VANNI: Object to form.
24 BY MR. BUCHANAN:

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1 Q. Did you have that awareness,
2 sir?
3 A. Is there a specific document
4 you're referring to? I'm --
5 Q. Sure. Exhibit 36 --
6 A. -- I'm aware that we were
7 using chargeback data and that I reviewed
8 some documents around that, but I don't
9 have them committed to memory.
10 Q. Okay. Let's go to
11 Number 37, please.
12 A. 37.
13 MS. VANNI: Thank you.
14 (Document marked for
15 identification as Exhibit
16 Endo-Macrides-37.)
17 BY MR. BUCHANAN:
18 Q. And this is some
19 correspondence from Mr. Shaffer to Justin
20 Wood, the DEA.
21 Do you see that?
22 A. Yes.
23 Q. So you had a little back and
24 forth with FW Kerr concerning its

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1 customers, right?
2 Do -- do you know that, sir,
3 independent of reading a document?
4 A. I know we had interactions
5 with a number of our customers and
6 wholesalers. If there's a specific
7 incident that you're referring to, like I
8 said, I reviewed a lot of documents. I
9 haven't committed them all to memory.
10 Q. Okay. Well, we could agree,
11 sir, that what this e-mail says is the
12 company had reviewed its chargeback data,
13 identified problematic customers of
14 certain of your customers, and had asked
15 your customers to cease distribution of
16 Qualitest products to certain of your
17 customers' customers.
18 Do you see that?
19 A. Yes. It says, "Cease
20 distribution of Qualitest hydrocodone to
21 the following customers."
22 Q. And that determination was
23 made through the review of chargeback
24 data, right?

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<p>1 A. Through chargeback data.</p> <p>2 Q. That's a reasonable thing to</p> <p>3 do, right?</p> <p>4 MS. VANNI: Object to form.</p> <p>5 THE WITNESS: It's part of</p> <p>6 a -- a component of a SOMs</p> <p>7 program.</p> <p>8 BY MR. BUCHANAN:</p> <p>9 Q. Okay. And it was in fact</p> <p>10 the basis through which you identified</p> <p>11 several problematic pharmacies from FW</p> <p>12 Kerr, correct?</p> <p>13 A. I don't know if these</p> <p>14 customers specifically were customers of</p> <p>15 FW Kerr. It doesn't say that here.</p> <p>16 Q. I'll represent to you that</p> <p>17 the five on the left are FW Kerr</p> <p>18 customers. I'll represent to you, sir,</p> <p>19 that the five on the right are Morris and</p> <p>20 Dickson customers.</p> <p>21 A. Okay.</p> <p>22 Q. Okay. Accepting that</p> <p>23 representation, sir, you'll see that</p> <p>24 Sussex Drug, Benson Drug, Parks Drug,</p>	<p>1 actual buying patterns of customers.</p> <p>2 So we had done, you know, a</p> <p>3 lot of work to get this data in a format</p> <p>4 that was usable. And you're seeing the</p> <p>5 outcome of that here.</p> <p>6 Q. So you had to cut off FW</p> <p>7 Kerr from selling to those customers,</p> <p>8 where FW Kerr hadn't done it on its own,</p> <p>9 right? That's what happened?</p> <p>10 MS. VANNI: Objection.</p> <p>11 THE WITNESS: We had</p> <p>12 identified concern about these</p> <p>13 customers of FW Kerr, yes.</p> <p>14 BY MR. BUCHANAN:</p> <p>15 Q. In fact, if we look</p> <p>16 backwards now -- I mean, this is</p> <p>17 happening in 2015. FW Kerr had bought</p> <p>18 \$205 million worth of opioids from your</p> <p>19 company, Qualitest, as of 2015. We only</p> <p>20 go back to 2008. I can't go back further</p> <p>21 than that, sir.</p> <p>22 Did you know that?</p> <p>23 MS. VANNI: Object to form.</p> <p>24 THE WITNESS: Did I know</p>
Page 523	Page 525
<p>1 Fairway Drugs, Pine Knob Pharmacy were</p> <p>2 identified through chargeback data as</p> <p>3 problematic customers of your customer,</p> <p>4 right?</p> <p>5 MS. VANNI: Object to form.</p> <p>6 THE WITNESS: They were</p> <p>7 raised as concerns based on review</p> <p>8 of chargeback data.</p> <p>9 BY MR. BUCHANAN:</p> <p>10 Q. Okay. And so chargeback</p> <p>11 data can help you identify if your</p> <p>12 customers are not maintaining effective</p> <p>13 controls or their customers are not</p> <p>14 maintaining effective controls, or</p> <p>15 present a diversion risk, correct?</p> <p>16 A. Chargeback data can be</p> <p>17 useful as part of a comprehensive SOMs</p> <p>18 program. We had done a lot of work at</p> <p>19 Qualitest, which Eric continued when he</p> <p>20 was hired, to get the chargeback data</p> <p>21 into a format that we could use.</p> <p>22 It also is data that has to</p> <p>23 be looked at over a period of time, not</p> <p>24 necessarily a point in time, given the</p>	<p>1 that FW Kerr --</p> <p>2 BY MR. BUCHANAN:</p> <p>3 Q. They're a big customer?</p> <p>4 A. They were a -- they were a</p> <p>5 significant customer.</p> <p>6 Q. Right. And they were a</p> <p>7 significant customer that had purchased</p> <p>8 greater than 100 million pills, tablets,</p> <p>9 liquids, of your products from 2008 to</p> <p>10 2015 before you first conducted the due</p> <p>11 diligence that led to cutting their</p> <p>12 orders, right?</p> <p>13 MS. VANNI: Objection.</p> <p>14 THE WITNESS: We had</p> <p>15 enhanced our SOMs program, and as</p> <p>16 a result of that, we identified</p> <p>17 some concerns around some of FW</p> <p>18 Kerr's customers. I don't know</p> <p>19 how long these customers had been</p> <p>20 customers of FW Kerr. But we</p> <p>21 identified them as concerns, and</p> <p>22 we communicated that</p> <p>23 appropriately.</p> <p>24 BY MR. BUCHANAN:</p>

<p style="text-align: right;">Page 526</p> <p>1 Q. Okay. You sent a report to 2 the DEA about the ten customers of FW 3 Kerr. 4 Do you see that? 5 A. That's what this e-mail is. 6 Q. Right. And you didn't 7 identify your customer who had been 8 selling to those particular customers, 9 correct? 10 MS. VANNI: Object to form. 11 THE WITNESS: It doesn't 12 identify FW Kerr in this e-mail, 13 no. 14 BY MR. BUCHANAN: 15 Q. Right. How about with 16 regard to your direct customers? I mean, 17 we looked at Exhibit 33, 34, 35, those 18 customers that Mr. Brantley popped in on 19 in his Texas road trip. And you elected 20 to stop doing business with them because 21 of their suspicious activities. 22 A. We did. 23 Q. You didn't report any of 24 those to the DEA, did you?</p>	<p style="text-align: right;">Page 528</p> <p>1 have that recollection, sir? I'm sorry 2 if you don't. 3 A. I'm just looking back at the 4 product here. This says carisoprodol, 5 alprazolam. 6 Q. I'll direct you to 35, sir, 7 BZ Pharmacy. 8 A. Okay. 9 Q. "A full dispensing history 10 was requested, but BZ Pharmacy did not 11 provide the information. As a result, 12 the percentage controlled substances 13 prescriptions could not be verified. Of 14 the controlled substances dispensed, 15 hydrocodone, carisoprodol made up the 16 majority of the" -- "made up the 17 majority, followed by alprazolam." 18 Do you see that, sir? 19 A. That's what he says. 20 Q. Okay. And so the company 21 had a discussion with the DEA back in 22 2008 about not sending to retail 23 pharmacies -- not selling directly to 24 retail pharmacies anymore. You recall</p>
<p style="text-align: right;">Page 527</p> <p>1 MS. VANNI: Object to form. 2 THE WITNESS: The reports 3 here are just the reports of the 4 visit and the decision that was 5 made. This doesn't talk about 6 whether or not these were reported 7 to the DEA. 8 BY MR. BUCHANAN: 9 Q. The three exhibits that we 10 looked at, 33, 34, 35, were in fact 11 direct retail customers of Qualitest, 12 some four or five years after Qualitest 13 had told the DEA it wasn't going to sell 14 to retail pharmacies anymore, right? 15 MS. VANNI: Object to form. 16 THE WITNESS: Qualitest, I 17 believe, told DEA it wasn't going 18 to ship hydrocodone to independent 19 retail pharmacies. I believe that 20 communication was in 2008. 21 BY MR. BUCHANAN: 22 Q. Okay. And we looked at 23 shipments to retail pharmacies for 24 hydrocodone. You recall that? Do you</p>	<p style="text-align: right;">Page 529</p> <p>1 that? 2 A. I recall there was a 3 communication to DEA. 4 Q. And after you cut off these 5 three retail pharmacies that you were 6 still selling to, Exhibits 33, 34, and 7 35, we can agree that you didn't report 8 them to the DEA, correct? 9 MS. VANNI: Object to form. 10 THE WITNESS: There's no 11 knowledge here that -- or 12 information that they were 13 reported to the DEA. 14 BY MR. BUCHANAN: 15 Q. Because in fact, you were 16 the person selling to them? You were 17 selling directly to people that were 18 problematic customers, right? 19 MS. VANNI: Object to form. 20 THE WITNESS: We were 21 selling to these customers. 22 BY MR. BUCHANAN: 23 Q. Please look at Exhibit 41, 24 sir.</p>

<p style="text-align: right;">Page 530</p> <p>1 (Document marked for 2 identification as Exhibit 3 Macrides-41.) 4 THE WITNESS: 41? 5 BY MR. BUCHANAN: 6 Q. Yeah. Exhibit 41, sir, is 7 excerpted from the company's 8 interrogatories that were prepared by the 9 company and counsel and produced to us in 10 the last two weeks. 11 It says suspicious orders 12 and -- 13 MS. VANNI: This is a 14 demonstrative based on the -- 15 MR. BUCHANAN: It -- it's a 16 demonstrative. But it is, in 17 fact, the entire chart as -- as 18 reflected in the interrogatory. 19 BY MR. BUCHANAN: 20 Q. These are, in fact, either 21 suspicious orders or customers reported 22 to DEA by Par Pharmaceuticals, as 23 disclosed in discovery responses to us, 24 sir.</p>	<p style="text-align: right;">Page 532</p> <p>1 not reflected anywhere on this sheet that 2 the company ever reported them as a 3 suspicious customer, correct, sir? 4 MS. VANNI: Object to form. 5 THE WITNESS: I don't see 6 them on the sheet. 7 BY MR. BUCHANAN: 8 Q. And we don't see that the 9 company ever looked back and reported 10 their prior purchases as suspicious 11 orders, right, sir? 12 MS. VANNI: Object to form. 13 THE WITNESS: I don't see 14 that on that -- on this sheet. 15 (Document marked for 16 identification as Exhibit 17 Endo-Macrides-40.) 18 BY MR. BUCHANAN: 19 Q. Okay. Let's move on real 20 quick. 21 Exhibit 40 is before you. 22 It's an exchange concerning a pharmacy 23 called Top Rx. Top Rx was one of those 24 entities that was identified in your</p>
<p style="text-align: right;">Page 531</p> <p>1 We could agree, sir, looking 2 at this list, that you don't see any 3 reports to the DEA of any suspicious 4 orders or any suspicious customers prior 5 to the meeting with the DEA in March of 6 2013, correct, sir? 7 MS. VANNI: Objection. 8 THE WITNESS: All these 9 dates are after March of 2013. 10 MS. VANNI: I want to make 11 one more objection to the extent 12 that I don't -- I don't know 13 whether that interrogatory even 14 called for that information. 15 MR. BUCHANAN: It does. But 16 your objection is noted. 17 MS. VANNI: I also object to 18 completeness. 19 BY MR. BUCHANAN: 20 Q. We could also agree, sir, 21 that the pharmacies that were cut off by 22 the company in -- following the Texas 23 road trip, 33, 34 and 35, Big Tex, 24 Advanced Pharmacy, BZ Pharmacy, those are</p>	<p style="text-align: right;">Page 533</p> <p>1 meeting with the DEA in March of 2013. 2 Isn't that right, sir? 3 A. Top Rx was identified in the 4 2013 meeting. 5 Q. Yeah. Top Rx was a customer 6 of one of your customers. Do you 7 remember that sheet? 8 I'm sorry, Top Rx was a 9 direct customer of Qualitest. Do you 10 know that, sir? 11 A. Yeah, which sheet are you 12 referring to? 13 Q. The company had a meeting 14 with the DEA in March of 2013 -- 15 A. I'm aware of that. 16 Q. There was a binder that was 17 prepared that showed the company's 18 shipments of various products -- 19 A. Try to find that -- right. 20 Right. 21 Q. We don't need to dig -- dig 22 it out. 23 Do you have knowledge, sir, 24 as a representative for the company that</p>

<p style="text-align: right;">Page 534</p> <p>1 one of the customers that was highlighted 2 by the DEA to the company was a company 3 called Top Rx? 4 A. I do. 5 Q. In fact, Top Rx had some 6 real problems, right? 7 MS. VANNI: Object to form. 8 THE WITNESS: What do you 9 mean by real problems? 10 Can you clarify that? 11 BY MR. BUCHANAN: 12 Q. You were shipping a whole 13 ton of controlled substances to Top Rx, 14 and then it had its license revoked, 15 right? 16 MS. VANNI: Object to form. 17 THE WITNESS: I don't -- I 18 don't have the specific quantity 19 of product we shipped to them. 20 BY MR. BUCHANAN: 21 Q. Do you have knowledge that 22 Top Rx was a customer of Qualitest? 23 A. I do. 24 Q. At the bottom of Page 1 of</p>	<p style="text-align: right;">Page 536</p> <p>1 quantities of products that we shipped to 2 them without seeing it on a document. 3 Q. Top R -- Top Rx was a 4 pharmacy, I'll represent to you, sir, 5 that was called to your attention in your 6 meeting with the DEA in March of 2013. 7 You agree, I think, from 8 your prior testimony. 9 A. Yeah, we already covered 10 that, yes. 11 Q. Okay. Top Rx was a 12 substantial customer of Qualitest, 13 correct? 14 A. They were a customer of 15 Qualitest. 16 Q. In fact, the company had 17 shipped millions and millions of orders, 18 excuse me, close to \$50 million worth of 19 opioids in the five years prior to the 20 registration revocation. 21 Isn't that true, sir? 22 MS. VANNI: Objection. 23 Beyond the scope. 24 THE WITNESS: I don't have</p>
<p style="text-align: right;">Page 535</p> <p>1 Exhibit 40, it's May 8, 2013. 2 Ms. Hernandez is sending around a notice 3 that Top Rx -- sending around a notice 4 that was published in the federal 5 register concerning Top Rx, a decision 6 and order revoking their registration. 7 Do you see that? 8 A. I see that. 9 Q. Okay. 10 In fact, prior to getting 11 their registration revoked, I mean you 12 had sold some, what, 40, \$50 million 13 worth of opioids to this company? 14 MS. VANNI: Objection. 15 Beyond the scope. 16 THE WITNESS: Is there a 17 document that -- that I have that 18 says that? 19 BY MR. BUCHANAN: 20 Q. Do you have an awareness 21 that Top Rx was a substantial customer -- 22 A. I understand that they were 23 a customer of -- of Qualitest. I 24 don't -- I don't recall the exact</p>	<p style="text-align: right;">Page 537</p> <p>1 the details of how much dollar 2 value or product we shipped to 3 Top Rx. 4 BY MR. BUCHANAN: 5 Q. Okay. Let's move on. 6 I told you we were going to 7 talk in segments today. I want to return 8 to one we'd talked about at the 9 beginning. 10 A. Okay. 11 Q. Endo. 12 A. Okay. 13 MR. BUCHANAN: Can I have, 14 please, Exhibit 4 back up on the 15 screen. 16 BY MR. BUCHANAN: 17 Q. What we have here, sir, is 18 the -- the summary of data reflecting, 19 you know, the pills for various 20 categories over various years that the 21 company sold relating to opioid products. 22 Do you recall our 23 discussions about that earlier? 24 A. Yeah, I have it in front of</p>

<p style="text-align: right;">Page 538</p> <p>1 me.</p> <p>2 Q. Okay. The company -- we've</p> <p>3 asked the company to tell us how we can</p> <p>4 identify those orders that were pended</p> <p>5 over time and then released.</p> <p>6 There's a system that tracks</p> <p>7 orders in -- orders by Endo, as to</p> <p>8 whether they've been pended, correct?</p> <p>9 A. That would be in SAP.</p> <p>10 Q. Okay. And so whatever the</p> <p>11 algorithm was at the time, it would pend,</p> <p>12 and then after it was pended it could be</p> <p>13 released, correct?</p> <p>14 A. If it pended after it was</p> <p>15 reviewed and investigated, it could be</p> <p>16 released.</p> <p>17 Q. And I think your testimony,</p> <p>18 sir, is that in no instance was a pended</p> <p>19 order not shipped for Endo, correct?</p> <p>20 A. That was my testimony.</p> <p>21 Q. And in no -- in no instance</p> <p>22 was a pended order ever reported as</p> <p>23 suspicious to the DEA, correct?</p> <p>24 A. As a result of our review</p>	<p style="text-align: right;">Page 540</p> <p>1 and cleared --</p> <p>2 A. Okay.</p> <p>3 Q. -- by the team at Endo. And</p> <p>4 they pointed us to a spreadsheet, and</p> <p>5 this is the spreadsheet that reflects</p> <p>6 them.</p> <p>7 Could you go to the first</p> <p>8 substantive page of that document, sir?</p> <p>9 MR. BUCHANAN: Can we pull</p> <p>10 it up on the screen, please.</p> <p>11 All right. The print could</p> <p>12 be challenging on pages of that</p> <p>13 size, but too many trees were</p> <p>14 dying to provide copies as it was.</p> <p>15 THE WITNESS: I can see it.</p> <p>16 BY MR. BUCHANAN:</p> <p>17 Q. Does this reflect, sir, to</p> <p>18 your knowledge an output of the system</p> <p>19 that tracks pended orders?</p> <p>20 A. This appears to be output</p> <p>21 from our SAP system.</p> <p>22 Q. That is indeed the system</p> <p>23 that would track pended orders?</p> <p>24 A. That's the system where the</p>
<p style="text-align: right;">Page 539</p> <p>1 and investigation, no orders were deemed</p> <p>2 to be suspicious and, therefore, reported</p> <p>3 to FDA -- or DEA, I'm sorry.</p> <p>4 (Document marked for</p> <p>5 identification as Exhibit</p> <p>6 Endo-Macrides-44.)</p> <p>7 BY MR. BUCHANAN:</p> <p>8 Q. I'm passing you, sir,</p> <p>9 Exhibit 44.</p> <p>10 Here you go. You can take</p> <p>11 the rubber band off it, sir.</p> <p>12 MS. VANNI: Do you have a</p> <p>13 copy for me?</p> <p>14 MR. BUCHANAN: We do. Do</p> <p>15 you want it?</p> <p>16 You can probably take</p> <p>17 that -- I'll take the cardboard</p> <p>18 back from you, sir.</p> <p>19 (Discussion held off the</p> <p>20 record.)</p> <p>21 BY MR. BUCHANAN:</p> <p>22 Q. Sir, I'll represent to you</p> <p>23 that we asked the company to identify for</p> <p>24 us the transactions that had been pended</p>	<p style="text-align: right;">Page 541</p> <p>1 orders would be.</p> <p>2 Q. Okay. These have been</p> <p>3 identified, sir, as the pended orders</p> <p>4 over the years for Endo, I'll represent</p> <p>5 to you. To my knowledge, through our</p> <p>6 team's review, it only reflects orders</p> <p>7 prior to 2014.</p> <p>8 A. Prior to 2014.</p> <p>9 Q. Okay. Is there another</p> <p>10 system that would track pended orders</p> <p>11 after that point in time?</p> <p>12 A. The system is still SAP.</p> <p>13 The only thing that's significant about</p> <p>14 the 2014 time frame is there was a fairly</p> <p>15 substantial upgrade that was done to SAP.</p> <p>16 Q. I'll represent to you, sir,</p> <p>17 that there are 147,000-plus lines of</p> <p>18 orders.</p> <p>19 A. Okay.</p> <p>20 Q. That were pended by Endo.</p> <p>21 A. Okay.</p> <p>22 Q. Am I correct in</p> <p>23 understanding your testimony, sir, that</p> <p>24 for each and every one of those 147,000</p>

<p style="text-align: right;">Page 542</p> <p>1 orders, somebody pressed "ship" for Endo 2 after it tripped a wire for suspicious 3 order flags? 4 MS. VANNI: Object to form. 5 THE WITNESS: What I can 6 tell you is that if these orders 7 were pended, as they were here, 8 then they were reviewed and 9 investigated, including contacting 10 the customer and requesting 11 specific information about the 12 order, and then if they were 13 deemed to be not suspicious, then 14 they were released. 15 Additionally, these orders 16 would then have gone to a 17 third-party distribution partner, 18 UPS, and would have gone through 19 UPS's SOMs program and algorithm 20 for further review. 21 And if it pended in UPS 22 system, then there would have been 23 further discussion and review 24 before the orders shipped to the</p>	<p style="text-align: right;">Page 544</p> <p>1 program in place. 2 BY MR. BUCHANAN: 3 Q. My -- 4 A. It would be the 5 responsibility of the client, in this 6 case Endo, to manage the customer 7 relationship. 8 Q. For you to manage your 9 customer, your Morris and Dickson, your 10 FW Kerr, your Top Rx, your BZ Pharmacies. 11 Those were your customers? 12 A. That's how -- yes, that's 13 how these relationships work. 14 Q. Right. And it was your job 15 to manage your -- and do -- manage and do 16 the due diligence on your customers, 17 correct? 18 MS. VANNI: Object to form. 19 THE WITNESS: The model here 20 is to outsource distribution. The 21 customer relationship, the 22 customer diligence is with Endo in 23 that case. 24 Now UPS, given the fact that</p>
<p style="text-align: right;">Page 543</p> <p>1 ultimate end customer. 2 BY MR. BUCHANAN: 3 Q. UPS didn't have a 4 relationship with your customers, 5 correct? 6 A. UPS is our distribution 7 partner. 8 Q. My question to you, sir, is, 9 UPS -- you were UPS's customer, correct? 10 MS. VANNI: Object to form. 11 THE WITNESS: UPS -- 12 correct. UPS is a third-party 13 distributor. 14 BY MR. BUCHANAN: 15 Q. Right. UPS did not have 16 visibility to your customers and did not 17 conduct due diligence of your customers, 18 correct, sir? 19 MS. VANNI: Object to form. 20 THE WITNESS: No UPS -- UPS 21 is the registrant for 22 distribution, for the distribution 23 license would be required to have 24 a suspicious order monitoring</p>	<p style="text-align: right;">Page 545</p> <p>1 they have a SOMs program and given 2 the fact that they ship on behalf 3 of multiple clients to, you know, 4 the same customers, certainly 5 might have information that's 6 valuable to us and certainly 7 outputs of their SOMs programs 8 would be -- would be information 9 we would be interested in. And 10 that's a collaboration. That's a 11 partnership. 12 But the ultimate 13 responsibility for the customer 14 resides with Endo, not with UPS. 15 BY MR. BUCHANAN: 16 Q. Okay. And so with regard to 17 the spreadsheet printout that is before 18 you, do you think there is a similar 19 transaction record for everything after 20 2014 in another system? 21 A. There should be. 22 Q. And as I understand it, sir, 23 the way it worked is the computer flagged 24 orders as potentially of concern or</p>

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1 suspicious for tripping a wire, some
2 threshold, some frequency concern,
3 whatever it was in this pre-2014 period?
4 A. Quantity, frequency, you
5 know, order patterns, you know, we have
6 products that are seasonal, for example.
7 So those products would tend to kick out
8 in this kind of a program. And then you
9 would look at it, and you would examine
10 it and you would say, "Oh, okay, this is
11 a seasonal product. So there's more that
12 gets ordered during certain times of the
13 year."
14 Q. And in every single
15 instance, each of the 147,000 orders
16 required a human being to say, "Send it,"
17 right?
18 MS. VANNI: Object to form.
19 BY MR. BUCHANAN:
20 Q. A human being from Endo
21 after the computer had held the order as
22 suspicious for one of those factors, had
23 to press "ship," right?
24 MS. VANNI: Object to form.

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1 THE WITNESS: An employee of
2 Endo had to complete a review and
3 investigation on why that order
4 kicked out, and there could be
5 numerous reasons why the order
6 pended that would have to be
7 investigated before the order
8 could be moved into UPS's system.
9 BY MR. BUCHANAN:
10 Q. And of 147,000 orders, the
11 Endo people who are looking at this
12 didn't identify one, not a single order
13 over the 15 years that are reflected in
14 the data before you that compose 147,000
15 orders that shouldn't --
16 A. 147,000 line items. That's
17 not necessarily 147,000 orders --
18 Q. Thank you.
19 A. -- just to clarify.
20 Q. The team at Endo who looked
21 at these, or the person or people who
22 looked at these over this period of time
23 didn't identify a single product order or
24 line item, as you stated, that it found

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1 shouldn't be shipped or that it found
2 needed to be reported to the DEA,
3 correct?
4 MS. VANNI: Object to form.
5 THE WITNESS: After review
6 and thorough investigation of
7 these orders that pended, the
8 conclusion was that the order
9 pended for a valid reason and,
10 therefore, was not suspicious, and
11 was therefore moved to UPS to go
12 through the additional check of
13 UPS's suspicious order monitoring
14 system.
15 BY MR. BUCHANAN:
16 Q. Sir, the total value of the
17 pended orders in that spreadsheet is
18 \$4.5 billion.
19 Did you know that?
20 MS. VANNI: Objection.
21 Beyond the scope.
22 THE WITNESS: I didn't know
23 the exact quantity of this. But I
24 do -- I do have an understanding

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1 of our -- of our sales.
2 BY MR. BUCHANAN:
3 Q. Every one of them shipped?
4 A. After the proper due
5 diligence was performed and the
6 conclusion was made that the order was
7 not suspicious, it was moved to UPS. It
8 went through UPS's suspicious order
9 monitoring system, UPS's algorithm. And
10 if it passed successfully through that,
11 it shipped.
12 Q. Please tell the jury how
13 many orders UPS reported to the DEA for
14 Endo products?
15 A. These orders, after going
16 through UPS system --
17 MS. VANNI: Object to form.
18 THE WITNESS: -- were
19 further concluded that they were
20 not suspicious.
21 BY MR. BUCHANAN:
22 Q. In fact, UPS paid a
23 \$40 million fine for its activities in
24 shipping controlled substances and

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<p>1 soliciting business from people who were 2 diverting controlled substances and 3 opioids. 4 MS. VANNI: Objection. 5 BY MR. BUCHANAN: 6 Q. Do you know that, sir? 7 MS. VANNI: Objection. 8 THE WITNESS: I know that 9 UPS was fined, I believe related 10 to their small parcel business, 11 which -- which wasn't the business 12 that we were using for 13 distribution of these products. 14 BY MR. BUCHANAN: 15 Q. Did you know UPS was 16 soliciting business, sir, from internet 17 pharmacies and not reporting the 18 suspicious orders that they were 19 receiving from those pharmacies? Did you 20 know that? 21 MS. VANNI: Objection. 22 BY MR. BUCHANAN: 23 Q. They were, in fact, 24 soliciting business from them.</p>	<p>1 THE VIDEOGRAPHER: Off the 2 record at 6:13 p.m. 3 (Short break.) 4 MS. VANNI: I object to any 5 questioning by counsel for 6 Tennessee. This witness, 7 Mr. Macrides, has no special 8 knowledge related to Tennessee. 9 We do not believe that this 10 deposition was properly 11 cross-noticed. 12 We are going to allow 13 Mr. Macrides to testify in a very 14 limited capacity today. I don't 15 expect there to be any 16 duplication. And the questioning 17 should be related to Endo, and 18 in -- only in connection with any 19 Tennessee issues. 20 If -- if it becomes 21 duplicative or if it exceeds the 22 parameters of questions related to 23 Endo in connection with Tennessee, 24 I'm going to instruct the witness</p>
Page 551	Page 553
<p>1 MS. VANNI: Objection. 2 THE WITNESS: I understand 3 that UPS was fined for activities 4 in, I believe, their small parcel 5 business. 6 MS. VANNI: Counsel, by my 7 calculation, I think we are at 8 seven hours. 9 MR. BUCHANAN: Okay. 10 And just so we have the fact 11 clear. 12 BY MR. BUCHANAN: 13 Q. To your knowledge, sir, not 14 a single Endo order processed by UPS has 15 ever been reported to the DEA, correct? 16 MS. VANNI: Object to form. 17 THE WITNESS: I believe I've 18 testified that after review and 19 investigation and a run through 20 UPS's SOM systems, the orders were 21 deemed to not be suspicious and, 22 therefore, were shipped. 23 MR. BUCHANAN: I'm -- I'm 24 out of time.</p>	<p>1 not to answer. 2 MR. STEWART: And I'll just 3 say obviously it's a properly 4 noticed deposition. If -- if 5 defendant had an objection, 6 defendant could have sought a 7 protective order. Has chosen not 8 to do so. So it's properly 9 noticed per -- in the same way 10 that the other multiple 11 depositions that we participated 12 in has been properly noticed. 13 And -- and so we're here 14 appropriately, and we plan to 15 question the witness about any 16 aspect of the testimony for which 17 he's been put forward, which is 18 Items 30, 31, 32, 33 and 35, 19 without limitation. 20 And I'll just tell you we 21 will probably take two hours. 22 So I don't know if you want 23 to take a break before we get 24 started --</p>

<p style="text-align: right;">Page 554</p> <p>1 MS. VANNI: Yes, we are 2 going to take a break. But my 3 objection stands. 4 (Short break.) 5 MS. VANNI: With respect -- 6 I want to further clarify my 7 objection to this line of 8 questioning. With respect to the 9 cross-notice I want to note that 10 it was just issued yesterday and 11 we did lodge an objection via 12 e-mail to counsel, and at that 13 point in time, told counsel that 14 we weren't going to allow any 15 questioning, which our objection 16 is in line with the CMO on the 17 deposition and the parameters 18 that -- that this counsel's 19 colleagues have been following 20 with respect to Endo witnesses in 21 the Tennessee litigation. 22 And just note, that as a 23 concession, we're going to allow 24 the testimony but under the</p>	<p style="text-align: right;">Page 556</p> <p>1 right in front of you. 2 MS. VANNI: This is it? 3 MR. STEWART: Yes. 4 MS. VANNI: Okay. 5 THE WITNESS: I see this. 6 BY MR. STEWART: 7 Q. Yeah, do you see a document 8 that has an exhibit sticker 45 on it? 9 A. I do. 10 Q. And do you see it's a 11 cross-notice of oral videotaped 12 deposition with your name? 13 It's the very first line, 14 please take notice, or -- or the heading? 15 A. I see that. 16 Q. Okay. And, sir, can you 17 turn to Page 16 of that -- of the 18 document that accompanies the notice 19 that's part of Exhibit 45? 20 Do you see that? 21 A. I see 16. 22 Q. And do you see Item 30? 23 A. I see Item 30. 24 Q. And is that -- are Items 30</p>
<p style="text-align: right;">Page 555</p> <p>1 limited parameters that I've 2 previously stated. 3 Thank you. 4 MR. STEWART: And -- and 5 like I said, it's properly noticed 6 and we're going to proceed as we 7 have in all the other depositions 8 that we've taken. 9 THE VIDEOGRAPHER: On the 10 video record at 6:34 p.m. 11 - - - 12 EXAMINATION 13 - - - 14 BY MR. STEWART: 15 Q. And I'd like to hand you, 16 sir, an exhibit, marked Exhibit 45. 17 (Document marked for 18 identification as Exhibit 19 Endo-Macrides-45.) 20 BY MR. STEWART: 21 Q. Do you see that? 22 MS. VANNI: Do you have a 23 copy for me? 24 MR. STEWART: I think it's</p>	<p style="text-align: right;">Page 557</p> <p>1 and 31 two of the subjects you're 2 supposed to testify on today? 3 MS. VANNI: Objection. 4 These have been further revised 5 subject to communications with 6 counsel for the MDL. And to the 7 extent that he is only going to be 8 questioned with respect to Endo, 9 he has not been designated with 10 respect to diversion or abuse with 11 respect to Endo. The record 12 should be clear on that. 13 It's being handled by 14 another witness. 15 BY MR. STEWART: 16 Q. You can answer. 17 I mean, you're here to talk 18 about the suspicious order monitoring 19 program with respect to opioids. 20 Is that fair? 21 A. I believe that's fair. 22 Q. Okay. Let me ask you. Do 23 you -- do you recall in your testimony 24 today at length you've talked about</p>

<p style="text-align: right;">Page 558</p> <p>1 suspicious order monitoring practices 2 that -- that your company has 3 participated in over time. 4 Do you remember that 5 testimony? 6 A. I have talked about that 7 today. 8 Q. And -- and the suspicious 9 order monitoring practices you've talked 10 about, were these designed to be national 11 in scope? 12 MS. VANNI: Object to form. 13 THE WITNESS: Our suspicious 14 order monitoring programs are -- 15 are designed to encompass all 16 orders, all shipments, all 17 customers. So in that context you 18 could call them national. 19 BY MR. STEWART: 20 Q. They are supposed to apply 21 to every order of controlled substances 22 distributed in the United States, fair? 23 A. That's how we view it. 24 Q. There's no state in which</p>	<p style="text-align: right;">Page 560</p> <p>1 would have documented customer visits. 2 Q. And what specific file would 3 I look at to figure out whether or not 4 somebody has conducted a site visit in 5 the State of Tennessee? 6 A. You would have to go into 7 the actual files within our DEA 8 compliance function where those trip 9 reports would be kept. 10 Q. So if there was a site 11 visit, there would be a trip report; is 12 that fair? 13 A. There should be. 14 Q. And who would be responsible 15 for maintaining that record, if I wanted 16 to go get that record? 17 A. That would be held within 18 our DEA compliance function. 19 Q. So we would go to your DEA 20 compliance function, and that -- the 21 people directing that function would have 22 access to the trip reports, fair? 23 A. To the extent that they 24 exist, yes.</p>
<p style="text-align: right;">Page 559</p> <p>1 you have different practices, other than 2 the ones you've testified about today, 3 fair? 4 A. That's a fair statement. 5 Q. And -- and so all those 6 practices would have been applicable in 7 the appropriate time periods to the State 8 of Tennessee? 9 A. They would have. 10 Q. Do you know if you've ever 11 conducted site visits, has Endo ever 12 conducted site visits in Tennessee? 13 A. I don't know the answer to 14 that. I know we've done a number of site 15 visits. I don't know that we've done one 16 or haven't done one specifically in 17 Tennessee. 18 Q. How would I find out? Where 19 would I find out whether or not Endo has 20 conducted a site visit in Tennessee? 21 A. We have files within the DEA 22 compliance group that would have 23 documented some of the documents that we 24 previously looked at, for example, that</p>	<p style="text-align: right;">Page 561</p> <p>1 Q. Today, what human being 2 would have the best knowledge of the 3 existence of a trip report with respect 4 to a visit to Tennessee? 5 MS. VANNI: Object to form. 6 THE WITNESS: You would need 7 to go to our head of DEA 8 compliance. 9 BY MR. STEWART: 10 Q. And who's that? 11 A. That would be a gentleman 12 named Mike Meggiolaro, who is in our 13 Chestnut Ridge, New York office. 14 Q. Do you know if particular 15 orders of interest have been identified 16 with respect to the State of Tennessee? 17 A. Well, we had a document 18 earlier that had 147,000 line items. 19 I don't know specifically if 20 any of those 147 relate to the State of 21 Tennessee. But I imagine, given the 22 quantity of orders that we've pended, 23 it's probably likely. 24 Q. And we could look at that</p>

<p style="text-align: right;">Page 562</p> <p>1 document and figure out whether or not 2 there have been particular orders of 3 interest with respect to entities in 4 Tennessee, fair? 5 A. If the ship to location is 6 on that document, which I believe it 7 would be, we could potentially get that 8 information. 9 Q. Because you've got 10 records -- and I say you, I'm using the 11 term "you" for Endo as defined in your 12 notice. Can we agree on that? 13 A. Repeat that, please. 14 Q. When I use the word "you," 15 I'm talking about Endo. Fair? 16 A. Fair. 17 Q. And Endo will have a record 18 of every order of interest that reflected 19 an order out of the State of Tennessee, 20 fair? 21 MS. VANNI: Sorry. Object 22 to form. 23 THE WITNESS: I think Endo 24 would have records similar to what</p>	<p style="text-align: right;">Page 564</p> <p>1 large orders coming in. 2 It might be that simple. It 3 might be complex. We need to go back to 4 the customer and get information from the 5 customer. There may likely be e-mails 6 that, you know, talk about some of those 7 orders, but I don't believe there's a 8 database of that information if that's 9 what you're asking. 10 Q. So is it -- are you saying 11 there's not a standardized document that 12 memorializes an investigation of an order 13 that's been identified as an order of 14 interest? 15 MS. VANNI: Object to form. 16 THE WITNESS: Not that I'm 17 aware of. 18 BY MR. STEWART: 19 Q. So I can't say give me all 20 the documents that show every 21 investigated order out of Tennessee? 22 A. Not in the same way you're 23 getting the stack of orders that pended. 24 Q. Okay. What sort of</p>
<p style="text-align: right;">Page 563</p> <p>1 we looked at earlier of orders 2 that had pended within our SAP 3 system. 4 BY MR. STEWART: 5 Q. And what about -- what about 6 investigations in Tennessee with respect 7 to orders of interest? Would those 8 generate a record within Endo? 9 A. Not necessarily. Those 10 orders were investigated by the 11 responsible people in the ordinary course 12 of business. I don't know to what the 13 extent to those would have been 14 documented. That work would have been 15 done outside the system, if you will. 16 The order would pend in the system. You 17 would get a report of an order that 18 pended. You would then do whatever due 19 diligence was necessary on that order. 20 Sometimes that would be 21 very -- a very brief review. Okay, the 22 product had been backordered for three 23 months, and now the customers were 24 restocking. So, therefore, we would see</p>	<p style="text-align: right;">Page 565</p> <p>1 information could I find about specific 2 actions taken by Endo personnel with 3 respect to investigating suspicious 4 orders from the State of Tennessee? 5 A. I think you would be relying 6 on, to the extent that they exist, e-mail 7 communications between the people that 8 were actually doing the -- those 9 investigations, that due diligence, with 10 whomever they were getting information 11 from, whether that be the customer, the 12 wholesaler, whomever. 13 Q. Tell me the people that I 14 would -- that would generate the e-mails 15 that you just described with respect to 16 investigations of orders coming out of 17 the State of Tennessee? 18 A. So these are -- so with 19 regard to Endo, these would be people 20 that would work within the group that 21 Lisa Walker is responsible for. Those 22 are -- those are -- that's the group that 23 actually manages the orders and 24 interfaces with the distribution partner.</p>

<p style="text-align: right;">Page 566</p> <p>1 Q. And is Lisa Walker the 2 person that would have the greatest level 3 of knowledge of those persons and their 4 activities? 5 MS. VANNI: Object to form. 6 THE WITNESS: She would. 7 BY MR. STEWART: 8 Q. And how long has Lisa Walker 9 been in that position? 10 A. In excess of 15 years. 11 Q. And can you tell me the 12 people that you can identify who work for 13 Lisa Walker who would have been 14 participating in these investigations 15 that you describe? 16 A. I can't give you necessarily 17 the specific names of those people. 18 There's a team there. I think some of 19 those people actually might even sit in 20 Memphis. So you'd have to -- really have 21 to get that detail, the names of people 22 in the group, you know, from -- from her. 23 Q. And what we have to do, you 24 say, to figure out the nature of any</p>	<p style="text-align: right;">Page 568</p> <p>1 questionnaires, then that information, 2 you know, to the extent that it exists, 3 would be housed within our DEA compliance 4 function, our records. 5 Q. Well, but I'm looking -- I'm 6 trying to figure out if you have a 7 specific document or database where Endo 8 maintains a list of pharmacies suspected 9 to be engaged in suspicious or illegal 10 activities within the State of Tennessee? 11 A. I don't believe we have a 12 specific database. I'm not aware of a 13 specific database that would be dedicated 14 to that information. 15 Q. Does Endo have a database or 16 a document that is designed to maintain a 17 list of physicians, nurse practitioners, 18 and other medical providers who've been 19 engaged in or are suspected to be engaged 20 in suspicious or illegal activity? 21 MS. VANNI: Object to form. 22 THE WITNESS: Not that I'm 23 aware of. However, I will tell 24 you that there are other functions</p>
<p style="text-align: right;">Page 567</p> <p>1 claim coming out -- or any order coming 2 out of the State of Tennessee that was 3 investigated, we would actually have to 4 look at the e-mails back and forth with 5 respect to these people in Lisa Walker's 6 department? 7 MS. VANNI: Object to form. 8 THE WITNESS: I'm saying 9 there is an -- to the question 10 that you asked earlier, I'm saying 11 there isn't necessarily a database 12 where you could go to get all of 13 that information. 14 BY MR. STEWART: 15 Q. Is there a database where I 16 could go to get a list of pharmacies 17 within the State of Tennessee that Endo 18 has identified as potentially involved in 19 suspicious activity with respect to 20 controlled substances? 21 A. If there were site visits, 22 or if there were actions or 23 recommendations like we saw earlier, 24 based on information provided in</p>	<p style="text-align: right;">Page 569</p> <p>1 within Endo, within regulatory, 2 within the R&D organization, for 3 example, that deal with patient 4 safety issues, that deal with 5 complaints, that deal with other 6 aspects of compliance that could 7 have the type of information 8 you're looking for. But I do not 9 have specific knowledge of those 10 areas of the company. 11 BY MR. STEWART: 12 Q. But as far -- as far as the 13 suspicious order monitoring system, that 14 system doesn't encompass databases or 15 documents that contain this information 16 about suspicious pharmacies or suspicious 17 medical providers? 18 A. Only to the extent that it 19 was identified through a site visit like 20 I talked about earlier, or a specific 21 order that we were -- you know, we were 22 questioning or investigating. 23 Q. With those narrow 24 exceptions, you are not aware of any</p>

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1 document or database that maintains all
2 of this information with respect to the
3 specific order monitoring program, fair?
4 A. That's correct.
5 Q. And is there a moment, is
6 this a meeting that is held or a -- or a
7 telephone conference in a systematic way
8 in which suspicious order monitoring
9 issues with respect to particular orders
10 are evaluated?
11 A. If an order was deemed to be
12 suspicious and investigated and concluded
13 to be suspicious and, therefore, a
14 notification to DEA was required, that
15 would go -- that would go up to the head
16 of DEA compliance within the
17 organization, who ultimately would have
18 responsibility to ensure that that was
19 reported properly within the regulations.
20 Q. But that's only where you
21 have an order that is deemed to require
22 reporting to the DEA.
23 Is that fair?
24 A. That's part of it. If we

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1 did a site visit that -- that concluded,
2 you know, as we saw earlier, conclusions
3 that we should not ship to a customer all
4 products or certain products or whatever
5 that decision might be, then that would
6 certainly be communicated with the -- the
7 sales organization as we saw in some of
8 those communications that we -- we -- we
9 discussed earlier.
10 Q. It sounds like there's no
11 formal meeting in which people involved
12 with the suspicious order monitoring
13 program meet to determine whether or not
14 a -- a suspicious order needs further
15 attention after an investigation.
16 Is that fair?
17 MS. VANNI: Object to form.
18 THE WITNESS: As I stated,
19 that would -- that would go up to
20 the head of DEA compliance who
21 would then decide if it -- if it
22 was necessary to involve other
23 functions, other people across the
24 organization.

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1 Our head of DEA compliance
2 also meets regularly with our CEO
3 to, you know, provide information
4 regarding our SOMs program.
5 BY MR. STEWART:
6 Q. So the head of DEA
7 compliance ultimately meets with the CEO,
8 and then it's determined whether or not a
9 report should be sent onto the DEA?
10 A. No. The -- the head of DEA
11 compliance would make that decision.
12 What I'm saying is, you know, we do have
13 regular meetings with our CEO to inform
14 him on the status of our -- of our SOMs
15 program. That's more of an inform.
16 The decisions within the
17 regulations in terms of a suspicious
18 order or a customer, that those decisions
19 would be made by the head of DEA
20 compliance in his capacity.
21 Q. And -- and tell me -- so
22 when I asked about a meeting, what you're
23 saying is the information gets sent to
24 the head of DEA compliance, that human

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1 being makes the decision.
2 Is that fair?
3 MS. VANNI: Object to form.
4 THE WITNESS: The role of
5 the -- the head of DEA compliance
6 is to make those decisions. It's
7 a very black -- it's a very black
8 and white area as are, you know,
9 other aspects of compliance, FDA
10 compliance for example, the head
11 of quality makes those decisions.
12 BY MR. STEWART:
13 Q. And the -- the head of DEA
14 compliance makes the decision to refer
15 a -- an entity involved in a suspicious
16 order to the DEA. Fair?
17 A. In the context of the
18 regulations, yes.
19 Q. And -- and does the same
20 person, the head of DEA compliance, also
21 make the decision as to whether to tell a
22 distributor to stop distributing Endo
23 products to a particular entity?
24 A. If we had evidence to

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1 suggest that that decision should be
 2 taken, then yes, it would go through that
 3 person.
 4 Q. Any other decisions relating
 5 to the suspicious order monitoring
 6 program that the head of DEA compliance
 7 makes in this way?
 8 A. The head of DEA compliance
 9 would make all really decisions relative
 10 to suspicious order monitoring in the
 11 context of the regulation, including, you
 12 know, evaluating and assessing how we
 13 should enhance or improve our program,
 14 you know, based on information we're
 15 getting, whether that information is
 16 coming from our own internal programs or
 17 whether that information is coming from
 18 external parties, conferences that --
 19 that they attend, et cetera.
 20 Q. Who is the head of DEA
 21 compliance?
 22 A. Mike Meggiolaro.
 23 Q. How long has he been head of
 24 DEA compliance?

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1 A. Mike's been on board since
 2 June of 2018.
 3 Q. Before Mike who was head of
 4 DEA compliance?
 5 A. Prior to that we had
 6 effectively two heads of DEA compliance.
 7 We had a woman named Heather Jones who
 8 occupied the role in Huntsville. We had
 9 Angela Feniger who was in that role in
 10 the legacy Par business.
 11 Those roles were eventually
 12 merged and we hired a corporate head of
 13 DEA compliance and that's the role that
 14 Mike occupies currently.
 15 Q. Prior to Mike Meggiolaro,
 16 did you say, taking that role, how would
 17 the two predecessors have determined who
 18 makes the decision to refer a provider or
 19 an entity to the DEA?
 20 MS. VANNI: Objection.
 21 THE WITNESS: Well,
 22 effective -- effectively when we
 23 completed the transaction with Par
 24 sometime in 2016, all of the

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1 distribution or all of the
 2 suspicious order monitoring for
 3 Par and -- legacy Par and legacy
 4 Qualitest controlled products was
 5 going through the system in
 6 Huntsville. So it would have been
 7 the responsibility of that person
 8 in that role to make those
 9 assessments and make those
 10 communications.
 11 BY MR. STEWART:
 12 Q. And who was that?
 13 A. That would have been Heather
 14 Jones up until the -- the point in time
 15 where she left the company prior to us
 16 closing the facilities in Alabama.
 17 Q. And then Heather Jones took
 18 care of those decisions with respect to
 19 pharmaceuticals distributed through
 20 Huntsville, fair?
 21 MS. VANNI: Object to form.
 22 THE WITNESS: All generic
 23 control products were distributed
 24 through Huntsville prior to --

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1 from -- at some point in 2016
 2 through to June of 2018.
 3 BY MR. STEWART:
 4 Q. And who is the other person
 5 that essentially had this role of head of
 6 DEA compliance with respect to the other
 7 drugs distributed by the company?
 8 A. So prior to the
 9 consolidation, if we can call it that, of
 10 all of the generic controlled substances
 11 going through the legacy Qualitest
 12 suspicious order monitoring system, the
 13 legacy Par products would have gone
 14 through the Par suspicious order
 15 monitoring system, and that was under
 16 Angela Feniger who was the head of DEA
 17 compliance for the legacy Par
 18 organization.
 19 Q. Where was she based?
 20 A. Chestnut Ridge, New York.
 21 Q. And you mentioned these
 22 informal meetings with the CEO to discuss
 23 the suspicious order monitoring program.
 24 Can you describe what you -- what you do

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1 in those meetings?

2 A. Well, as we -- as I've

3 testified earlier, you know, the -- the

4 landscape continues to evolve and we need

5 to continue to monitor that landscape and

6 we need to continue to enhance our

7 programs around all aspects of DEA

8 compliance, not just suspicious order

9 monitoring.

10 So the nature of those

11 discussions would be, if there was any

12 issues to communicate, like we talked

13 about an order -- relative to an order or

14 a customer. Otherwise, it would be a

15 more -- more of an update on, you know,

16 how the program is evolving. You know,

17 what are some of the specific activities

18 we're doing, are there any concerns.

19 Q. And how often would those

20 meetings be held with the CEO?

21 A. I think that currently

22 we're -- we're doing those on a monthly

23 basis. That's something we started to do

24 fairly recently.

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1 Q. When do you think you

2 started those meetings?

3 A. Shortly after Mike came on

4 board. Right. So probably sometime the

5 back half of last year. I don't know --

6 I don't know the exact date.

7 Q. And who attends those

8 meetings with the CEO?

9 A. It's our head of DEA

10 compliance, along with our CEO.

11 Q. Are you at the meeting?

12 A. I'm not at the meeting.

13 Q. And --

14 A. I could have attended

15 meeting. I haven't actually attended

16 one. Sometimes it just has to do with my

17 schedule.

18 Q. Anyone else that you know

19 who attends them?

20 A. No.

21 Q. And are minutes kept or is

22 there some record kept of the meetings

23 between the head of DEA compliance and

24 the CEO?

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1 A. I'm not -- I'm not -- I'm

2 not sure if we're actually keeping

3 minutes from those meetings.

4 Q. Do you get a summary e-mail

5 of what they talked about?

6 A. I discuss it with Mike.

7 Q. And you say, one of the

8 subjects that's discussed with the CEO in

9 this meeting is, you know, do you have

10 some order that's triggering a DEA

11 referral, for example?

12 MS. VANNI: Object to form.

13 THE WITNESS: It would be if

14 that were the case.

15 BY MR. STEWART:

16 Q. What about before these

17 monthly meetings with the CEO began? Was

18 there some systematic communication with

19 the CEO with respect to the suspicious

20 order monitoring program?

21 A. There would have been

22 communication. So -- I almost lost my --

23 sorry.

24 There would -- yeah, we

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1 would have had communication.

2 The period of time from --

3 it's probably good to clarify. The

4 period of time from 2016 forward, you

5 know, was really a -- we were really

6 integrating our DEA function, because as

7 I've described it, we had a DEA function

8 within the legacy Qualitest business. We

9 had a DEA compliance function within the

10 legacy Par business.

11 As we merged those two

12 businesses, we had to integrate all

13 functions, including the DEA compliance

14 function.

15 We also had the decision

16 during that time frame to effectively

17 close our facilities in Alabama.

18 There are numerous DEA

19 compliance activities that need to be

20 conducted around closing a facility, so

21 that had a -- that had an impact

22 obviously on the timing of us

23 integrating -- fully integrating the

24 function.

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1 So as we moved through 2017
2 into 2018, we, you know, created the role
3 that Mike currently occupies and really
4 completed, fully completed the
5 integration of the DEA compliance
6 activities across the various entities.
7 Q. Before -- before Mike
8 started his monthly meetings with the
9 CEO, how would -- what meetings were used
10 or communications appraise the CEO of
11 suspicious order monitoring issues?
12 MS. VANNI: Object to form.
13 THE WITNESS: So as part of
14 my responsibility I would meet
15 regularly with our DEA compliance
16 personnel. And if there were
17 issues, if there were concerns,
18 then I would make those
19 communications.
20 BY MR. STEWART:
21 Q. You would communicate with
22 the CEO? You were the conduit?
23 A. If there -- if there was a
24 need to do that, I would do that.

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1 Q. During what period would you
2 say that you were primary person that
3 would take information about suspicious
4 order monitoring issues to the CEO of
5 Endo?
6 A. I would say from the period
7 from 2016 through early 2018. But most
8 of those communications at that time
9 really had to do with the integration of
10 the function, you know, how we were
11 evolving the function, how we were
12 replacing some of the positions and the
13 activities that historically had been in
14 Huntsville. And specifically also around
15 how we were transitioning the
16 distribution as we closed the
17 distribution center in Huntsville and
18 transitioned all of the generic
19 controlled distribution to the UPS
20 facility in Memphis.
21 Q. I take it during this
22 period, if there was going -- this is
23 2016 forward, if there was going to be a
24 referral of an entity to the DEA because

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1 of suspicious activity, that the CEO
2 would have been made aware of that by
3 you; is that fair?
4 MS. VANNI: Object to form.
5 THE WITNESS: If it was
6 necessary to inform the CEO. I
7 mean, again, as I said earlier, it
8 was really up to the DEA
9 compliance personnel in their
10 roles and responsibilities to do
11 those reviews and investigations
12 and make those decisions.
13 The more important
14 communication really would be to
15 the commercial organization if we
16 were going to cancel an order, if
17 we were not going to ship an
18 order, if we were going to -- had
19 a concern or a decision around a
20 customer.
21 BY MR. STEWART:
22 Q. And but just so I'm clear,
23 it sounds like you're not aware of an
24 instance in which there was a DEA

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1 referral that wasn't run by the CEO of
2 the company?
3 MS. VANNI: Objection.
4 THE WITNESS: Can you
5 clarify your question?
6 BY MR. STEWART:
7 Q. Sure. There was never an
8 instance where a proposal to refer a
9 customer to the DEA was not run by the
10 CEO before that was done, that you're
11 aware of; is that fair?
12 MS. VANNI: Object to form.
13 THE WITNESS: I'm not aware
14 of a specific decision that --
15 relative to an order that we would
16 have asked the CEO for input on.
17 Like I said, it's more of an
18 inform.
19 BY MR. STEWART:
20 Q. Did you ever ask the CEO of
21 Endo or propose referring an entity to
22 the DEA and have that decision reversed
23 by the CEO?
24 MS. VANNI: Object to form.

<p style="text-align: right;">Page 586</p> <p>1 THE WITNESS: With regard to</p> <p>2 referring an entity to the DEA?</p> <p>3 BY MR. STEWART:</p> <p>4 Q. Yes.</p> <p>5 A. No.</p> <p>6 Q. Did you ever have an</p> <p>7 instance where you discussed with the CEO</p> <p>8 of Endo the cancellation of an order?</p> <p>9 A. Of a specific order?</p> <p>10 Q. Sure.</p> <p>11 A. Not of a specific order that</p> <p>12 was identified of interest.</p> <p>13 Q. Did you ever discuss with</p> <p>14 the CEO the decision to cut off a</p> <p>15 particular distributor from the</p> <p>16 distribution of drugs produced by Endo or</p> <p>17 one of its subsidiaries?</p> <p>18 A. Yes.</p> <p>19 Q. Tell me about that</p> <p>20 discussion.</p> <p>21 MS. VANNI: Objection.</p> <p>22 THE WITNESS: So we -- we</p> <p>23 discussed the -- I believe this</p> <p>24 was in 2018, Morris and Dickson a</p>	<p style="text-align: right;">Page 588</p> <p>1 So there were numerous discussions</p> <p>2 along that, as that whole</p> <p>3 situation played out.</p> <p>4 It was a little bit</p> <p>5 complicated for us by the fact</p> <p>6 that -- I shouldn't say</p> <p>7 complicated. It was just an added</p> <p>8 step that while that -- while that</p> <p>9 was playing out, if you will, we</p> <p>10 -- we moved our distribution to</p> <p>11 UPS.</p> <p>12 And so Morris and Dickson's</p> <p>13 license were reinstated. And then</p> <p>14 subsequent to that, UPS who is now</p> <p>15 our distributor, notified us that</p> <p>16 they were, as a result of their</p> <p>17 SOMs program, were no longer going</p> <p>18 to ship controlled products to</p> <p>19 Morris and Dickson.</p> <p>20 BY MR. STEWART:</p> <p>21 Q. Did Endo -- before UPS took</p> <p>22 that position, did Endo reinstate its</p> <p>23 distribution through Morris and Dickson?</p> <p>24 MS. VANNI: Object to form.</p>
<p style="text-align: right;">Page 587</p> <p>1 distributor, had -- I believe it</p> <p>2 was two of the licenses suspended</p> <p>3 by -- by the DEA. We were</p> <p>4 notified of that and immediately</p> <p>5 stopped distributing to them.</p> <p>6 There were -- that was</p> <p>7 pretty clear-cut. They didn't</p> <p>8 have their licenses.</p> <p>9 At some point, those</p> <p>10 licenses were reinstated and there</p> <p>11 were discussions that included the</p> <p>12 CEO around what action that we</p> <p>13 would take with regard to</p> <p>14 continuing to ship to Morris and</p> <p>15 Dickson.</p> <p>16 BY MR. STEWART:</p> <p>17 Q. What was the CEO's opinion?</p> <p>18 MS. VANNI: Object to form.</p> <p>19 THE WITNESS: I would -- I</p> <p>20 would say that the CEO listened to</p> <p>21 the facts. We agreed that we</p> <p>22 would discuss with Morris and</p> <p>23 Dickson to gain an understanding</p> <p>24 of the status of their program.</p>	<p style="text-align: right;">Page 589</p> <p>1 THE WITNESS: There was a</p> <p>2 brief period of time after the</p> <p>3 licenses were reinstated where,</p> <p>4 after review of these orders</p> <p>5 through our algorithm, and, you</p> <p>6 know, investigation and review of</p> <p>7 anything that may or may not have</p> <p>8 kicked out, that we did continue</p> <p>9 to ship to them or reinstate</p> <p>10 shipping to them, however you want</p> <p>11 to describe that.</p> <p>12 BY MR. STEWART:</p> <p>13 Q. Did you ever actually stop</p> <p>14 shipping to Morris and Dickson?</p> <p>15 A. We did.</p> <p>16 Q. And then you decided to</p> <p>17 continue shipping once they got their</p> <p>18 licenses back, is that fair?</p> <p>19 MS. VANNI: Object to form.</p> <p>20 THE WITNESS: Once the</p> <p>21 specific action that the DEA had</p> <p>22 taken was reversed. There was a</p> <p>23 previous step where I believe</p> <p>24 Morris and Dickson received some</p>

<p style="text-align: right;">Page 590</p> <p>1 kind of a favorable court ruling 2 and came back to us and asked us 3 to ship to them. We did not. 4 When the license were 5 finally reinstated and DEA, you 6 know, effectively reversed 7 whatever action they had taken, 8 then we did, like I say, resume 9 shipping to them under the obvious 10 direction of our -- of our SOMs 11 program. 12 BY MR. STEWART: 13 Q. And I take it that what 14 triggered your decision to not ship to 15 Morris and Dickson was the DEA's 16 revocation of their license, fair? 17 MS. VANNI: Object to form. 18 THE WITNESS: Well, the -- 19 the DEA's revocation of their -- 20 of their license was -- 21 effectively we couldn't ship to 22 them. They didn't have a license 23 anymore. So, you know, I think 24 we -- as I -- as I recall, you</p>	<p style="text-align: right;">Page 592</p> <p>1 customer, then we could have that 2 discussion. 3 And -- and again some of 4 that is an -- is an inform. We're 5 not necessarily asking for 6 permission. 7 BY MR. STEWART: 8 Q. Well, there's -- there's no 9 instance that you can recall, I take it, 10 from your testimony that -- that Endo 11 made the decision to cease shipments to a 12 customer in which the CEO did not approve 13 that decision? 14 MS. VANNI: Object to form. 15 THE WITNESS: I'm not aware 16 of any instance. 17 BY MR. STEWART: 18 Q. We talked about your 19 communicating with the CEO 2016 to 2018. 20 What about prior to 2016, while you were 21 at the company, who would have made those 22 communications with the CEO of Endo? 23 A. Prior to 2016? 24 Q. Sure.</p>
<p style="text-align: right;">Page 591</p> <p>1 know, we did go back and review 2 our data and we had not -- we had 3 not seen any orders, you know, 4 recent orders that we had 5 identified as potentially 6 suspicious. 7 BY MR. STEWART: 8 Q. Was there any other instance 9 where you discussed with the CEO the 10 potential for ceasing shipments to any 11 entity? 12 MS. VANNI: Object to form. 13 THE WITNESS: Not that I 14 recall. Morris and Dickson was 15 the one we discussed. 16 BY MR. STEWART: 17 Q. And it sounds like the CEO 18 definitely would have been involved in 19 any discussion about cutting off 20 shipments to a customer, fair? 21 MS. VANNI: Object to form. 22 THE WITNESS: Not just any 23 customer. 24 If it was a significant</p>	<p style="text-align: right;">Page 593</p> <p>1 A. Well, again, if there was a 2 need to communicate with the CEO we would 3 have communicated with the CEO. I'm -- 4 I'm not suggesting that every aspect of 5 DEA compliance or every order that pended 6 was communicated to the CEO. 7 We -- we communicate 8 significant things. For example, if 9 there is an inspection, the DEA 10 inspection at one of our sites, we're 11 typically providing daily updates to 12 senior management on the status of the 13 inspection. So it's significant things 14 like that that would get communicated. 15 Q. And would you have been the 16 communicator during the 2014-2015 time 17 frame? 18 A. I could be. You know, 19 the -- I could have been. I became 20 responsible for DEA compliance in early 21 2015. So I wouldn't have been in -- in 22 that capacity prior to 2015. 23 Q. So that's the point forward 24 in which you probably would have been the</p>

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1 point person communicating with the CEO,
2 fair?

3 MS. VANNI: Objection.

4 THE WITNESS: If there was a
5 need to do that.

6 BY MR. STEWART:

7 Q. It wouldn't have been
8 someone else with respect to DEA
9 compliance after 2015, fair?

10 MS. VANNI: Objection.

11 THE WITNESS: It's a fair
12 statement.

13 BY MR. STEWART:

14 Q. Okay. And who would have
15 predated you, who would have done it
16 prior to the time you took over as head
17 of DEA compliance?

18 A. So there was -- now you are
19 getting back into the Tracey Hernandez
20 time frame. Also, there were other
21 people within Qualitest for example, that
22 were involved in -- in DEA compliance. I
23 think we are talking about Endo. That
24 could have gone through the regulatory

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1 group.

2 As I said, there were other
3 groups within Endo that -- you know,
4 that, you know, that were looking, you
5 know, at various aspects of compliance
6 including DEA compliance.

7 Q. Do you think Tracey
8 Hernandez was the most likely person that
9 would have those conversations with the
10 CEO of Endo?

11 A. Well, that would --
12 that's -- yeah --

13 MS. VANNI: Objection. It
14 exceeds the scope of --

15 THE WITNESS: Right.

16 MS. VANNI: -- of his
17 designation and also is related to
18 Qualitest and Par. I'm not going
19 to allow him to answer that.

20 MR. STEWART: Okay. What's
21 your basis?

22 MS. VANNI: I just stated,
23 stated it.

24 MR. STEWART: Well, Endo is

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1 defined as including its
2 subsidiaries.

3 You're saying prior to these
4 entities becoming part of Endo, is
5 that your position, counsel?

6 MS. VANNI: Well, my
7 position --

8 MR. STEWART: It's a
9 momentous event to tell a witness
10 not to answer in a deposition, so
11 I'm wondering what your
12 justification is.

13 MS. VANNI: Well, this is
14 based on my well-articulated
15 objection at the outset of this
16 deposition, that this deposition
17 was not properly noticed. Despite
18 what you say, it was noticed
19 yesterday. Not in compliance with
20 the deposition CMO.

21 We objected and said we
22 weren't going to allow him to
23 testify to anything, because Par
24 isn't even a defendant in any

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1 Tennessee action.

2 Today we're making a
3 concession, based on goodwill and
4 the fact that you're here,
5 allowing him to testify as to
6 Endo. That is my basis.

7 MR. STEWART: Okay. I guess
8 what I'm saying is, first of all,
9 Par is a component of Endo as it
10 stands today. So -- so Endo
11 encompasses Par as -- as indicated
12 by the notice and now by your
13 local counsel in Tennessee.

14 Beyond that, as you know,
15 the scope of a deposition, those
16 sorts of objections can be made
17 for the record, but that's not one
18 of the three bases under Rule 30
19 to tell a witness not to answer.

20 So I'm just going to tell
21 you if you -- if you interfere
22 with the deposition and tell the
23 witness not to answer for some
24 reason, other than those

<p style="text-align: right;">Page 598</p> <p>1 articulated in the Rules of Civil 2 Procedure, I think you are -- I 3 think it's likely we'll have to 4 come back and just get those 5 questions at a different time, 6 likely at your expense. 7 MS. VANNI: If this was a 8 properly noticed deposition, I 9 might agree with you. This is not 10 a properly noticed deposition, and 11 your colleagues in the Tennessee 12 litigation have been following the 13 protocol with respect to 14 cross-noticing of depositions with 15 respect to cases where Endo is a 16 defendant. Not Par. 17 Given that he is testifying 18 on behalf of Endo and Par, we are 19 permitting him to testify with 20 respect to your questions as to 21 Endo also. 22 MR. STEWART: Like I said, I 23 think we obviously have a 24 disagreement about the application</p>	<p style="text-align: right;">Page 600</p> <p>1 specific order monitoring program never 2 encompassed an effort to review records 3 of physicians, nurse practitioners, and 4 physician assistants who had been 5 arrested and disciplined? 6 MS. VANNI: Object to form. 7 THE WITNESS: The nature of 8 Endo's SOMs program is to review 9 orders, customers. We don't get 10 orders from doctors or nurse 11 practitioners. So that 12 wouldn't -- that wouldn't be part 13 of the actual suspicious order 14 monitoring program. 15 Again, those -- that 16 information could likely come 17 through other areas, other 18 departments of Endo. I just don't 19 have specific knowledge of that. 20 BY MR. STEWART: 21 Q. But the suspicious order 22 monitoring program did encompass a duty 23 imposed by federal law to know your 24 customer's customer, fair?</p>
<p style="text-align: right;">Page 599</p> <p>1 of Rule 30, the law, the 2 proprietary of the notice and so 3 forth. 4 But we've set it out on the 5 record, and we'll have to contend 6 with it after this deposition. 7 I think telling the witness 8 not to answer is improper. 9 BY MR. STEWART: 10 Q. Tell me, did anyone at -- 11 did anybody while you were at Endo ever 12 review information about doctors, nurse 13 practitioners, physician assistants, or 14 other providers who had been arrested or 15 disciplined for overprescribing opioids 16 in Tennessee? 17 A. Not that I was involved in, 18 although I will -- as I said earlier, 19 there are other departments, other groups 20 in Endo that deal with various aspects of 21 compliance, complaints, patient safety, 22 et cetera. And they may have been 23 involved in that type of activity. 24 Q. I take it that Endo's</p>	<p style="text-align: right;">Page 601</p> <p>1 MS. VANNI: Object to form. 2 THE WITNESS: That's part of 3 the regulations. 4 BY MR. STEWART: 5 Q. And the customer's customer 6 there, we're talking about pharmacies, 7 fair? 8 MS. VANNI: Object to form. 9 THE WITNESS: It could be a 10 pharmacy. 11 BY MR. STEWART: 12 Q. And we're talking about the 13 nature of -- who else could it be other 14 than a pharmacy, when we are talking 15 about the customer's customer with 16 respect to compliance with the DEA's 17 directives? 18 A. I think on the Endo side, it 19 would primarily be a pharmacy. It could 20 be a government entity. You know, most 21 of the product goes to a wholesaler, and 22 from there it could go to a government 23 entity or more likely a pharmacy. 24 Q. And did Endo have access to</p>

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1 data about where pharmacies that received
 2 Endo products were then selling Endo's
 3 products?
 4 MS. VANNI: Objection.
 5 Asked and answered. This was
 6 covered in detail by counsel for
 7 the MDL, in which you were present
 8 for the deposition. Becoming
 9 repetitive.
 10 BY MR. STEWART:
 11 Q. Go ahead and answer. I
 12 mean, that was your testimony earlier
 13 today, fair?
 14 A. I've testified on suspicious
 15 order monitoring.
 16 Q. I mean, my point is it's not
 17 controversial that among the information,
 18 the items of information that Endo would
 19 look at would be information showing
 20 where pharmacies receiving Endo products
 21 then distributed those products?
 22 MS. VANNI: Object to form.
 23 THE WITNESS: You mean
 24 prescription data?

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1 BY MR. STEWART:
 2 Q. That's correct.
 3 A. Specific prescription data
 4 is not necessarily housed within the SOMs
 5 program.
 6 Q. But I think you testified
 7 earlier today, at times it was available,
 8 and at times you used it with respect to
 9 the SOMs program?
 10 A. We talked about chargeback
 11 data --
 12 Q. Okay.
 13 A. -- specifically chargeback
 14 data.
 15 Q. Can you identify other data
 16 that would identify providers obtaining
 17 Endo products that you relied on as part
 18 of your suspicious order monitoring
 19 program?
 20 A. I'm not aware of specific
 21 prescription data that we used in that
 22 context.
 23 Q. Did Endo, as part of its
 24 suspicious order monitoring program,

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1 review news accounts about Tennessee
 2 pharmacists or pharmacies that had been
 3 subject to arrest or discipline or legal
 4 action?
 5 MS. VANNI: Object to form.
 6 THE WITNESS: I don't have
 7 specific knowledge of that. I can
 8 tell you that there are -- there
 9 are other areas, as I've testified
 10 earlier, other groups, other
 11 departments within Endo that deal
 12 with various aspects of
 13 compliance, including DEA
 14 compliance, who could very likely
 15 have that information.
 16 BY MR. STEWART:
 17 Q. Just so we're clear, as part
 18 of the suspicious order monitoring
 19 program, Endo did not affirmatively take
 20 steps to review news reports about
 21 pharmacists or medical providers in the
 22 State of Tennessee who were disciplined
 23 for, arrested for, or investigated for
 24 inappropriate distribution of opioids,

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1 fair?
 2 MS. VANNI: Object to form.
 3 THE WITNESS: What I would
 4 tell you is that our DEA
 5 compliance function, our
 6 suspicious order monitoring
 7 function within Endo was actively
 8 reviewing orders. To the extent
 9 that there was information that
 10 was relevant to suspicious order
 11 monitoring that came in through a
 12 different part of the company,
 13 then it's likely that that
 14 information would be communicated.
 15 BY MR. STEWART:
 16 Q. But there is no systematic
 17 approach within Endo's suspicious order
 18 monitoring system to look throughout the
 19 United States or in Tennessee to identify
 20 pharmacies, doctors, nurse practitioners,
 21 engaged in suspicious behavior by looking
 22 at news reports, fair?
 23 MS. VANNI: Object to form.
 24 THE WITNESS: What I'm

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<p>1 saying is that there are other 2 areas within the company where 3 people may likely be looking at 4 that information. That's not my 5 area of expertise. 6 BY MR. STEWART: 7 Q. Where else in the company 8 would -- would somebody be tasked with 9 systematically assembling and evaluating 10 news reports about pharmacies, 11 pharmacists, doctors, nurse 12 practitioners, who had been arrested or 13 disciplined for improper prescribing of 14 opioids? 15 MS. VANNI: Objection. 16 Beyond the scope of his 30(b)(6) 17 designation. 18 BY MR. STEWART: 19 Q. You can answer. 20 A. Well, based on my knowledge, 21 I think there are -- there are multiple 22 areas where that type of information 23 could come into the company. Through the 24 commercial organization, we have people</p>	<p>1 various external communications 2 where information like that 3 could -- could be -- could be 4 identified. 5 (Document marked for 6 identification as Exhibit 7 Endo-Macrides-46.) 8 BY MR. STEWART: 9 Q. I'll hand you Exhibit 46. 10 And can you turn -- do you 11 see that you have got a document in front 12 of you that's got an exhibit sticker, 46? 13 A. I do. 14 Q. Do you see at the bottom of 15 the document, there's a marker, bottom 16 right-hand corner, it says 17 ENDO-OPIOID_MDL-05948280. 18 Do you see that? 19 A. I see that. 20 Q. If you turn to the page 21 marked 282, the number that ends in 282. 22 It's the third page of the document. 23 A. I see that. 24 Q. Okay. Take a moment, if you</p>
Page 607	Page 609
<p>1 that focus on patient safety. We have a 2 regulatory group. We have legal people. 3 So there are any number of areas where 4 that type of information could be 5 identified. 6 Q. Just so we have a clear 7 record though. Within your -- within the 8 groups that were involved with Endo's 9 suspicious order monitoring program, 10 there was no systematic approach to 11 assembling information about news reports 12 of arrests, legal action, disciplinary 13 action against medical providers or 14 pharmacists in the State of Tennessee, 15 fair? 16 MS. VANNI: Objection. 17 Asked and answered. 18 THE WITNESS: If you're 19 asking me if there was a specific 20 role dedicated to reviewing news 21 reports or that sort of 22 information, no, there wasn't. 23 But we do have -- our DEA 24 compliance people are plugged into</p>	<p>1 want to review the document. Does -- are 2 you familiar with this statement here, 3 SOMs process flow? 4 A. I've seen this document. 5 Q. Do you see that it sets out 6 the current process and then the new 7 process? 8 A. I see that. 9 Q. Okay. And do you see it 10 says, "Current process, limited SOM 11 program in the current SAP system"? 12 A. I see that. 13 Q. And then do you see, in the 14 next section under new process, it says, 15 "Robust SOM program in the new SAP system 16 will be implemented May 5th for the 17 branded business unit." Do you see that? 18 A. I see that. 19 Q. So is it fair to say that we 20 can read this to say that the robust SOM 21 program by Endo's account began on May 5, 22 2014? 23 MS. VANNI: Object to form. 24 BY MR. STEWART:</p>

<p style="text-align: right;">Page 610</p> <p>1 Q. Is that -- is that the way 2 to read this document? 3 MS. VANNI: Objection. 4 THE WITNESS: The way to 5 read this document is that the -- 6 the capabilities within SAP for 7 reviewing orders was enhanced with 8 the upgrade to SAP that -- that 9 occurred in 2014 and more 10 functionality was available and, 11 therefore, implemented. 12 So that's what this document 13 is -- is talking about. 14 BY MR. STEWART: 15 Q. But the document, when it's 16 describing the robust program that you 17 just described, was put into place in May 18 of 2014, right? 19 MS. VANNI: Object to form. 20 THE WITNESS: Robust 21 referring to enhanced capabilities 22 within the SAP system. 23 BY MR. STEWART: 24 Q. And -- and --</p>	<p style="text-align: right;">Page 612</p> <p>1 (Document marked for 2 identification as Exhibit 3 Endo-Macrides-47.) 4 BY MR. STEWART: 5 Q. Let me hand you Exhibit 47. 6 Do you see that you're 7 copied on this document? 8 A. I'm copied on this document. 9 Q. Is that right? 10 And do you see that the 11 bottom of the right-hand corner of 12 Exhibit 47, you've got a -- a number 13 ENDO-OPIOID_MDL-06235529? 14 A. I see that. 15 Q. Okay. Can you take a look 16 at this document and tell me what it is, 17 what is the purpose of this document? 18 MS. VANNI: I'm going to 19 object to this line of questioning 20 because, regardless of whether 21 it's a -- the Bates stamp is 22 ENDO-OPIOID, this is clearly a Par 23 document. 24 And for the reasons I -- I</p>
<p style="text-align: right;">Page 611</p> <p>1 A. You see it says, "Their 2 robust SOM program in the new SAP 3 system." 4 Q. I do. And so the robust 5 program for Qtest was July 2014, fair? 6 You see that's the next 7 line? 8 MS. VANNI: Objection. 9 THE WITNESS: That's what it 10 says. 11 BY MR. STEWART: 12 Q. Okay. But so -- prior to 13 that then you have what is described in 14 this document as just the limited SOM 15 program, right? 16 MS. VANNI: Object to form. 17 THE WITNESS: Limited -- 18 limited capabilities in SAP 19 relative to what was going to be 20 available in the new version of 21 SAP. Orders were still being 22 reviewed based on historical 23 parameters and pended based on 24 those reviews and investigated.</p>	<p style="text-align: right;">Page 613</p> <p>1 articulated at the outset of your 2 questioning, Counsel, the fact 3 that this is not a properly 4 noticed deposition, the fact that 5 Par is not a defendant in any 6 Tennessee case, I'm not going to 7 allow him to address this 8 document. 9 BY MR. STEWART: 10 Q. Because your counsel is -- 11 is telling you not to answer, we'll move 12 on to the next document. 13 I'd like to hand you 14 Exhibit 48. 15 (Document marked for 16 identification as Exhibit 17 Endo-Macrides-48.) 18 BY MR. STEWART: 19 Q. And I'll ask you to look at 20 the document, and first tell me if it's 21 got a marker at the bottom 22 ENDO-OPIOID_MDL-06211237? 23 A. It does. 24 Q. Okay. Do you know who Aaron</p>

<p style="text-align: right;">Page 614</p> <p>1 Graham is?</p> <p>2 A. Aaron Graham was head of</p> <p>3 security at Qualitest in Huntsville.</p> <p>4 MS. VANNI: I'm going to</p> <p>5 make the same objection as to this</p> <p>6 document. It's clearly a Par</p> <p>7 document. Aaron Graham, as the</p> <p>8 witness just stated, was the</p> <p>9 senior director of corporate</p> <p>10 security at Huntsville.</p> <p>11 Because Par is not a</p> <p>12 defendant in the Tennessee cases,</p> <p>13 and this deposition was not</p> <p>14 properly noticed, and this is not</p> <p>15 related to Endo, I'm not allowing</p> <p>16 him to answer.</p> <p>17 MR. STEWART: Let's make</p> <p>18 sure I understand. I thought -- I</p> <p>19 thought the witness just said he</p> <p>20 was with Qualitest.</p> <p>21 MS. VANNI: Qualitest is not</p> <p>22 a defendant in any of your</p> <p>23 Tennessee matters.</p> <p>24 BY MR. STEWART:</p>	<p style="text-align: right;">Page 616</p> <p>1 answer the question?</p> <p>2 MS. VANNI: Counsel, I've</p> <p>3 said it about three times now.</p> <p>4 Tennessee counsel, your</p> <p>5 co-counsel in all the Tennessee</p> <p>6 litigation has appeared in cases</p> <p>7 where Endo is a defendant.</p> <p>8 This deposition is not</p> <p>9 properly noticed with respect --</p> <p>10 just generally, with respect to</p> <p>11 the CMO. It's not properly</p> <p>12 noticed.</p> <p>13 And we -- we went on record</p> <p>14 yesterday as saying we weren't</p> <p>15 going to even allow this witness</p> <p>16 to testify. Today we are making a</p> <p>17 concession since you are here</p> <p>18 allowing him to testify as to Endo</p> <p>19 issues. This document is clearly</p> <p>20 a Qualitest document.</p> <p>21 MR. STEWART: But Qualitest</p> <p>22 is part of Endo at the time in</p> <p>23 question. What -- what</p> <p>24 distinction are you making?</p>
<p style="text-align: right;">Page 615</p> <p>1 Q. Okay. Maybe you can answer</p> <p>2 this question generally.</p> <p>3 When did -- when did Endo</p> <p>4 purchase Qualitest?</p> <p>5 MS. VANNI: Objection.</p> <p>6 Covered during the main deposition</p> <p>7 of the MDL.</p> <p>8 BY MR. STEWART:</p> <p>9 Q. It was 2010, right? You can</p> <p>10 answer.</p> <p>11 A. Endo acquired Qualitest in</p> <p>12 2010.</p> <p>13 Q. Okay.</p> <p>14 MR. STEWART: And so here we</p> <p>15 have a 2012 document. Endo has,</p> <p>16 by your own witness's statement,</p> <p>17 acquired Qualitest. I don't</p> <p>18 understand your objection even by</p> <p>19 your improper framework that</p> <p>20 you've created, Counsel. This is</p> <p>21 a Qualitest document. Endo owns</p> <p>22 Qualitest at this time.</p> <p>23 What possible reason can you</p> <p>24 have to tell the witness not to</p>	<p style="text-align: right;">Page 617</p> <p>1 MS. VANNI: Qualitest was a</p> <p>2 separate corporate entity. It's</p> <p>3 not a defendant in the Tennessee</p> <p>4 litigations.</p> <p>5 MR. STEWART: Counsel, let</p> <p>6 me ask you something, just to make</p> <p>7 sure we're clear on this. Because</p> <p>8 I think it's extraordinary what</p> <p>9 you're doing.</p> <p>10 Do you know that in the --</p> <p>11 and you're welcome to look at</p> <p>12 Exhibit 45. Here is how you</p> <p>13 define Endo. Okay? Your own</p> <p>14 counsel defined Endo as:</p> <p>15 Endo Health Solutions Inc.</p> <p>16 and Endo Pharmaceuticals Inc. and</p> <p>17 their officers, directors,</p> <p>18 employees, partners,</p> <p>19 representatives, agents, corporate</p> <p>20 parents, subsidiaries, affiliates,</p> <p>21 divisions, predecessors or</p> <p>22 successors in interest and other</p> <p>23 persons or entities acting on its</p> <p>24 behalf."</p>

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1 Now, are you, for the
 2 purposes of this deposition,
 3 fashioning a new heretofore
 4 unprecedented definition of the
 5 word Endo?
 6 Explain.
 7 MS. VANNI: Are you asking
 8 me a question?
 9 MR. STEWART: I am. Yeah, I
 10 am asking you to justify your
 11 extraordinary decision to tell
 12 this witness not to answer a
 13 question about a document marked
 14 Endo, which is clearly about Endo.
 15 MS. VANNI: This is not --
 16 this document is clearly not about
 17 Endo. I'm looking at the First
 18 Amended Complaint right now that's
 19 filed in the Tennessee actions
 20 where you name a number of
 21 defendants, and with respect to
 22 Endo, you name Endo Health
 23 Solutions Inc. and Endo
 24 Pharmaceuticals Inc. There is no

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1 mention of Par or Qualitest who
 2 are separate corporate entities.
 3 MR. STEWART: Right.
 4 MS. VANNI: That's my
 5 position.
 6 MR. STEWART: A separate
 7 corporate entity owned by Endo at
 8 the time the document was created
 9 and defined by you as Endo.
 10 I can tell you this is
 11 extraordinary. This is improper
 12 what you're doing. We're going to
 13 be back at your expense to ask the
 14 witness about this fundamental
 15 document.
 16 MS. VANNI: So fundamental
 17 that it wasn't even covered by
 18 counsel for the MDL.
 19 BY MR. STEWART:
 20 Q. Are you aware -- is
 21 Tennessee a hot spot location, considered
 22 by Endo a hot spot?
 23 MS. VANNI: Object to form.
 24 THE WITNESS: What do you

Page 620

1 mean by hot spot?
 2 BY MR. STEWART:
 3 Q. You tell me. Does Endo ever
 4 identify states as hot spots? Have you
 5 ever heard that term?
 6 A. I've heard the term.
 7 Q. What does it mean within
 8 your company, sir? What does hot spot
 9 mean?
 10 A. Well, I would say that
 11 potentially there are areas may be
 12 referred to that way, where there's a
 13 higher incidence of abuse of opioid
 14 products.
 15 Q. Do you know if Tennessee was
 16 ever designated a hot spot?
 17 A. I believe there's some areas
 18 in Tennessee that have been designated or
 19 have been described that way that I'm
 20 aware of.
 21 Q. You're using the passive
 22 voice. Who would have made that
 23 description and described certain areas
 24 of Tennessee as hot spots within your

Page 621

1 company?
 2 A. I think from a DEA
 3 compliance perspective, we certainly are
 4 tuned in to those types of -- that type
 5 of information to the extent that, you
 6 know, it's -- we see it. We see it in
 7 news reports. We see it on the internet.
 8 Q. And what -- if I wanted to
 9 find out for a given time period whether
 10 areas of Tennessee were considered a
 11 hot -- were considered hot spots by your
 12 company, how would I -- how would I do
 13 that?
 14 A. Well, I stated earlier that
 15 our suspicious order monitoring program
 16 is the same for all orders and all
 17 states.
 18 So we are applying the same
 19 diligence to an order that comes in from
 20 any state where there is the potential
 21 for abuse. So I wouldn't -- I wouldn't
 22 make a determination that one state
 23 should have a higher level of scrutiny
 24 from a SOMs perspective than another

<p style="text-align: right;">Page 622</p> <p>1 state. All states, all orders receive 2 the same level of scrutiny. 3 Q. But when you talked about 4 hot spots, is that a term that is used 5 within Endo such that particular states 6 are placed on a hot spot list for a given 7 period? 8 MS. VANNI: Object to form. 9 THE WITNESS: I said that I 10 had or people within our DEA 11 compliance function would have 12 awareness to that based on our -- 13 the normal course of our jobs and 14 the way we are tuned into the 15 external environment. 16 I'm not suggesting that 17 somehow we alter our program based 18 on that information. 19 BY MR. STEWART: 20 Q. Was there ever -- I take it 21 from what you're saying, you don't 22 alter -- you haven't altered your program 23 with respect to combatting suspicious 24 orders in a particular area, because it</p>	<p style="text-align: right;">Page 624</p> <p>1 you or people in the DEA compliance 2 function or anybody that you're aware of 3 within Endo keep a list of locations 4 identified as hot spots? 5 A. I'm not aware of an actual 6 list, but we have general awareness of 7 those areas that have been designated 8 that way. In fact, you know, DEA at 9 times will provide guidance on those 10 topics. 11 Q. Has the DEA provided Endo 12 guidance with respect to hot spots? 13 A. DEA -- not specifically 14 Endo. 15 Q. What does that mean? 16 A. It means I can only answer 17 that question based on Endo, and I said 18 not specifically to Endo -- 19 Q. So the DEA -- 20 A. -- that I'm aware of. 21 Q. Has the DEA provided Endo 22 information about areas that are hot 23 spots for opioids generally? 24 A. In -- the DEA has provided</p>
<p style="text-align: right;">Page 623</p> <p>1 was designated a hot spot. Is that 2 Endo's position? 3 MS. VANNI: Object to form. 4 THE WITNESS: Our -- our 5 program provides the same level of 6 scrutiny to every order. It has 7 to. There's no -- I mean, abuse 8 and diversion can happen 9 everywhere if we are not properly 10 reviewing and investigating 11 orders. 12 BY MR. STEWART: 13 Q. But does your DEA compliance 14 section generate a list of hot spots? 15 A. I said we had -- 16 MS. VANNI: Object to form. 17 THE WITNESS: We had 18 information that we gather in the 19 ordinary course of our business. 20 We don't necessarily keep a 21 database of that, if that's what 22 you're asking me. 23 BY MR. STEWART: 24 Q. Well, is there a list? Do</p>	<p style="text-align: right;">Page 625</p> <p>1 Endo guidance around abuse and diversion 2 of opioids and guidelines and suggestions 3 around suspicious order monitoring as 4 we -- as we discussed earlier in the day. 5 Q. And has the DEA identified 6 areas as hot spots? 7 A. I haven't seen any specific 8 communications to Endo with regard to hot 9 spots. 10 Q. Have you seen communications 11 by the DEA or documents identifying areas 12 as hot spots, whether Endo -- directed to 13 Endo or not? 14 A. I told you I had general 15 awareness, based on information that I've 16 seen, or that my DEA team has seen, you 17 know, in terms of us monitoring the 18 external environment. 19 Q. What -- what are those 20 things that you've seen that would 21 identify certain areas as hot spots? 22 A. I've seen news reports. 23 I've seen internet articles. I would say 24 that our DEA people go to conferences</p>

<p style="text-align: right;">Page 626</p> <p>1 where those things are discussed. So 2 there's a variety of sources of 3 information like that. 4 Q. Have you ever seen a 5 document within Endo that identified 6 particular areas as hot spots? 7 A. I haven't seen a document 8 within Endo that I recall seeing. I've 9 seen a lot of documents. I don't 10 remember them all. I don't recall one 11 specific to that topic. 12 THE WITNESS: Can we have 13 a -- 14 MS. VANNI: Counsel, 15 whenever we have a logical 16 stopping point. 17 MR. STEWART: Sure. We can 18 take a break. Absolutely. 19 THE VIDEOGRAPHER: Off the 20 record at 7:37 p.m. 21 (Short break.) 22 THE VIDEOGRAPHER: We are 23 back on the record at 7:48 p.m. 24 (Document marked for</p>	<p style="text-align: right;">Page 628</p> <p>1 Shaffer? 2 A. Larry was a DEA compliance 3 manager in Huntsville. 4 Q. And do you see the listing 5 here, a know your customer questionnaire, 6 customer rating key? 7 Do you see that? 8 A. I see that. 9 Q. Are you familiar with that 10 concept, a customer rating key? 11 A. I'm just familiarizing 12 myself with the document. 13 Q. Sure. 14 A. This appears to be a 15 document that would somehow prioritize 16 customers. 17 Q. Okay. And did you ever use 18 a customer rating key or know your 19 customer questionnaire in your work at 20 Endo? 21 A. Not directly in my role. 22 Q. But you were familiar with 23 these documents? 24 A. I'm familiar with the</p>
<p style="text-align: right;">Page 627</p> <p>1 identification as Exhibit 2 Endo-Macrides-49.) 3 BY MR. STEWART: 4 Q. I'm going to hand you 5 Exhibit 49: Do you see at the bottom of 6 Exhibit 49, it's got a marker that says 7 ENDO-OPIOID_MDL-05968927. 8 A. I see that. 9 Q. Okay. And can you flip over 10 to the second page. Actually the third 11 page. Do you see that there is an 12 address block for Lisa Walker? 13 A. I see that. 14 Q. You see it's got her e-mail? 15 A. I see that. 16 Q. What's her e-mail say? 17 A. It says 18 Walker.Lisa@Endo.com. 19 Q. Okay. And who's Lisa Walker 20 again? 21 A. She's the associate director 22 of customer service and distribution for 23 Endo. 24 Q. Okay. And who is Larry</p>	<p style="text-align: right;">Page 629</p> <p>1 document. 2 Q. And do you see Paragraph 3, 3 identified as 3, it says, "What 4 geographical areas will you be primarily 5 be distributing product to? Hot spots 6 location FL, etc.," and it says, "Various 7 locations." And at the bottom, it says, 8 "Suggest hot spot locations, FL, TX KY, 9 TN, CA, IL, and NB." 10 Do you see that? 11 A. I see that. 12 Q. So here, the hot spot 13 location suggestions include Tennessee, 14 fair? 15 A. That's what it says here. 16 (Document marked for 17 identification as Exhibit 18 endo-Macrides-50.) 19 BY MR. STEWART: 20 Q. I'll give you another 21 document marked as Exhibit 50. Do you 22 see that this document attaches a 23 PowerPoint or series of PowerPoints that 24 are being prepared for the DEA meeting,</p>

<p style="text-align: right;">Page 630</p> <p>1 2013?</p> <p>2 A. I see that this is a</p> <p>3 document to prepare for a meeting with</p> <p>4 DEA.</p> <p>5 Q. Okay. Are you familiar with</p> <p>6 it?</p> <p>7 A. I've seen this document.</p> <p>8 Q. Okay. Turn to Page 18 of</p> <p>9 the document.</p> <p>10 Before we talk about the</p> <p>11 document, Page 18, can you just tell me</p> <p>12 which meeting, which DEA meeting was this</p> <p>13 PowerPoint designed to relate to?</p> <p>14 A. Which DEA meeting?</p> <p>15 Q. Sure. I mean, tell me a</p> <p>16 link, if you could, the document we're</p> <p>17 looking at, the PowerPoint, to a</p> <p>18 particular meeting with the DEA if you</p> <p>19 can?</p> <p>20 MS. VANNI: Object to form.</p> <p>21 THE WITNESS: It says</p> <p>22 meeting with DEA on October 17,</p> <p>23 2013.</p> <p>24 BY MR. STEWART:</p>	<p style="text-align: right;">Page 632</p> <p>1 sales and DEA evaluates that based on</p> <p>2 market share data, other data, sales data</p> <p>3 that DEA has access to, and they grant</p> <p>4 quota.</p> <p>5 The -- the suggestion here</p> <p>6 is that we may need to request additional</p> <p>7 quota in 2014 if DEA weren't to grant the</p> <p>8 full amount of the quota.</p> <p>9 Q. Do you know if DEA granted</p> <p>10 the full amount or not for this period?</p> <p>11 A. I don't recall specifically</p> <p>12 the grant. But it may have been less</p> <p>13 than what was requested.</p> <p>14 And -- and this was a time</p> <p>15 period where I believe you had a lot of</p> <p>16 shift in demand. It may have been after</p> <p>17 the -- the high dose APAP products were</p> <p>18 removed from the market such that the --</p> <p>19 that kind of threw the -- the market into</p> <p>20 a little bit of flux given where quota</p> <p>21 was and who had quota and who didn't have</p> <p>22 quota depending on, you know, what</p> <p>23 volumes of products people had that --</p> <p>24 you know, those products that were</p>
<p style="text-align: right;">Page 631</p> <p>1 Q. Okay. So this -- these --</p> <p>2 these slides would have been prepared to</p> <p>3 present to the DEA. Is that --</p> <p>4 A. That is my understanding.</p> <p>5 Q. Okay. Tell me, Page 18. Do</p> <p>6 you see that there is a statement on</p> <p>7 Page 18 that says, "We will likely need</p> <p>8 to request additional hydrocodone quota</p> <p>9 much earlier in 2014 than normal if the</p> <p>10 full amount of the request is not</p> <p>11 granted"?</p> <p>12 A. I see that.</p> <p>13 MS. VANNI: Objection.</p> <p>14 BY MR. STEWART:</p> <p>15 Q. Okay. Can you tell me what</p> <p>16 that means?</p> <p>17 MS. VANNI: Objection.</p> <p>18 Beyond the scope of his 30(b)(6)</p> <p>19 designation.</p> <p>20 BY MR. STEWART:</p> <p>21 Q. Okay. You can answer.</p> <p>22 A. So what that means is that</p> <p>23 DEA grants -- you submit a quota</p> <p>24 application based on your historical</p>	<p style="text-align: right;">Page 633</p> <p>1 withdrawn.</p> <p>2 Q. Now, can you turn to, it's</p> <p>3 another two pages down in the document,</p> <p>4 there's a document, a slide entitled</p> <p>5 "Phase I."</p> <p>6 Do you see that?</p> <p>7 MS. VANNI: What page</p> <p>8 number?</p> <p>9 THE WITNESS: Line --</p> <p>10 MR. STEWART: I believe so.</p> <p>11 THE WITNESS: Phase I.</p> <p>12 BY MR. STEWART:</p> <p>13 Q. Yeah. Do you see that?</p> <p>14 A. I see that.</p> <p>15 Q. And do you see that the</p> <p>16 first sentence, the first portion of the</p> <p>17 slide says, "Enhancement of the existing</p> <p>18 SOMS calculation for all customers, all</p> <p>19 controlled products and pseudoephedrine</p> <p>20 products"?</p> <p>21 A. Can I see that?</p> <p>22 Q. And given the time table,</p> <p>23 October of 2013, do you know what this</p> <p>24 refers to?</p>

Page 634	Page 636
<p>1 MS. VANNI: Object to form.</p> <p>2 THE WITNESS: Well, this is</p> <p>3 providing DEA with an update on</p> <p>4 the -- the status of enhancing</p> <p>5 our -- our algorithm for</p> <p>6 suspicious order monitoring.</p> <p>7 BY MR. STEWART:</p> <p>8 Q. Can you turn to the next</p> <p>9 page?</p> <p>10 Do you see it says Phase II</p> <p>11 at the top?</p> <p>12 A. I see that.</p> <p>13 Q. And do you see the first</p> <p>14 phrase on this page says, "Hired</p> <p>15 individuals to support the program"?</p> <p>16 MS. VANNI: Note my</p> <p>17 objection. This deals with</p> <p>18 Qualitest and was covered already</p> <p>19 during MDL counsel's questioning.</p> <p>20 BY MR. STEWART:</p> <p>21 Q. Here you are talking about</p> <p>22 hiring people to support the SOM program,</p> <p>23 fair?</p> <p>24 A. Fair.</p>	<p>1 responsibilities that you would --</p> <p>2 you would call DEA compliance. I</p> <p>3 don't know the exact number of</p> <p>4 people.</p> <p>5 BY MR. STEWART:</p> <p>6 Q. With the accurate statement</p> <p>7 being that before you hired these</p> <p>8 individuals in 2013, there was</p> <p>9 actually -- there were zero individuals</p> <p>10 within the Endo organization specifically</p> <p>11 devoting their full-time employment to</p> <p>12 the SOM program?</p> <p>13 MS. VANNI: Object to form.</p> <p>14 THE WITNESS: This is --</p> <p>15 this document is talking about</p> <p>16 Qualitest.</p> <p>17 BY MR. STEWART:</p> <p>18 Q. My question is real simple.</p> <p>19 Prior to October 2013 was</p> <p>20 there a single human being working within</p> <p>21 the Endo organization that devoted his or</p> <p>22 her full-time employment to the</p> <p>23 suspicious order monitoring program?</p> <p>24 MS. VANNI: Object to form.</p>
Page 635	Page 637
<p>1 Q. Let me ask you, before you</p> <p>2 hired these individuals in 2013, how many</p> <p>3 individuals within the company were</p> <p>4 devoted full-time to the SOM program, the</p> <p>5 suspicious order monitoring program?</p> <p>6 MS. VANNI: Are you asking</p> <p>7 as to Endo?</p> <p>8 MR. STEWART: I'm asking as</p> <p>9 to Endo and all entities owned by</p> <p>10 Endo.</p> <p>11 BY MR. STEWART:</p> <p>12 Q. How many people were in</p> <p>13 charge or were paid to involve themselves</p> <p>14 with a suspicious order monitoring</p> <p>15 program before 2013?</p> <p>16 MS. VANNI: You can answer</p> <p>17 as to Endo.</p> <p>18 THE WITNESS: I can -- okay.</p> <p>19 I can answer as to Endo?</p> <p>20 MS. VANNI: Mm-hmm.</p> <p>21 THE WITNESS: I can't give</p> <p>22 you an exact number. Endo had</p> <p>23 various organizations within the</p> <p>24 company. People that had</p>	<p>1 He can answer as to Endo.</p> <p>2 THE WITNESS: I can only</p> <p>3 answer to Endo?</p> <p>4 MS. VANNI: Yes.</p> <p>5 THE WITNESS: There were</p> <p>6 people at Endo within the Lisa</p> <p>7 Walker group that we discussed</p> <p>8 earlier who were reviewing -- were</p> <p>9 executing the suspicious order</p> <p>10 monitoring program, reviewing</p> <p>11 orders of interest and</p> <p>12 investigating those.</p> <p>13 So those roles were involved</p> <p>14 in DEA compliance as it relates to</p> <p>15 suspicious order monitoring.</p> <p>16 There were other people in</p> <p>17 the regulatory organization that</p> <p>18 were also involved in the various</p> <p>19 aspects of DEA compliance as it</p> <p>20 would have related to REMS</p> <p>21 requirements that we had on</p> <p>22 certain products and developing</p> <p>23 those -- those plans.</p> <p>24 So there were a number of</p>

<p style="text-align: right;">Page 638</p> <p>1 people who had various 2 responsibilities that you could 3 classify as DEA compliance. I 4 don't have an exact number for 5 you. 6 BY MR. STEWART: 7 Q. Turn to Page 27. Do you see 8 you have a -- a slide, and it's entitled, 9 "Rates of abuse self-reported at U.S. 10 drug treatment centers data through 11 second quarter 2013." 12 Do you see that? 13 A. I see the document. 14 Q. Okay. And do you see there 15 is a graph for generic oxymorphone HCL? 16 A. I see that. 17 Q. Okay. And what does that 18 graph show, can you tell? 19 MS. VANNI: Object to form. 20 THE WITNESS: If I'm reading 21 this graph it says, "Cases per 22 100,000 prescriptions dispensed." 23 BY MR. STEWART: 24 Q. When it says cases, what</p>	<p style="text-align: right;">Page 640</p> <p>1 MS. VANNI: Object to form. 2 THE WITNESS: That's what it 3 appears. 4 BY MR. STEWART: 5 Q. Okay. I take it Endo, when 6 it presents to the DEA, tries to rely on 7 data it deems to be reliable? 8 MS. VANNI: Object to form. 9 THE WITNESS: I -- I can't 10 really speak to how this chart was 11 prepared. I was not -- this is 12 not something that I was involved 13 in. 14 BY MR. STEWART: 15 Q. My point is a little 16 different, which is just that Endo 17 doesn't produce reports to the DEA that 18 contain information that it deems 19 unreliable, fair? 20 MS. VANNI: Object to form. 21 THE WITNESS: Fair. 22 BY MR. STEWART: 23 Q. And do you use NAVIPPRO, the 24 NAVIPPRO system, in your work at Endo?</p>
<p style="text-align: right;">Page 639</p> <p>1 case, these are abuse cases, people 2 abusing generic oxymorphone HCL? 3 A. It says the number of 4 reported -- self-reported abuse cases. I 5 think that's what it's showing. 6 Q. So what the chart is showing 7 is they are going up for the generic 8 oxymorphone HCL, the abuse cases? 9 A. That's what the chart says. 10 Q. Now, do you see at the 11 bottom there is a source listing? 12 A. I see that. 13 Q. It says, "Source: National 14 Addictions Vigilance Intervention and 15 Prevention Program, NAVIPPRO"? 16 A. I see that. 17 Q. Are you familiar with 18 NAVIPPRO? 19 A. I have a general 20 understanding that they collect 21 information about opioid abuse. 22 Q. And fair that Endo here is 23 using NAVIPPRO data to make this 24 presentation to the DEA?</p>	<p style="text-align: right;">Page 641</p> <p>1 A. I do not. 2 Q. Okay. Turn over to the next 3 page. Do you see that Page 28 of this 4 exhibit, Exhibit 50, is entitled "Rates 5 of abuse reported to U.S. Poison Control 6 Centers data through first quarter of 7 2013"? 8 Do you see that? 9 A. Yes, I do. 10 Q. Let's make sure we're tied 11 up here. Can you turn to the front page 12 of the document. Real quick. Just 13 confirm that it's Exhibit 50. 14 A. It is. 15 Q. Okay. Good. So Exhibit 50, 16 Page 28 we've got rates -- we've got a 17 slide entitled "Rates of abuse reported 18 to U.S. poison centers - data through 19 first quarter of 2013," right? 20 A. That's what it says. 21 Q. Okay. And do you see that 22 it's got Opana ER and other Schedule II 23 opioids? 24 A. I see that.</p>

Page 642	Page 644
<p>1 Q. Would other Schedule II 2 opioids include generic opioids? 3 MS. VANNI: Object to form. 4 THE WITNESS: I don't know 5 what -- like I said, I didn't 6 prepare this. So I don't know 7 what's included in other Schedule 8 II opioids. 9 BY MR. STEWART: 10 Q. Okay. From a -- just a 11 common sense standpoint, the generic 12 oxycodone, for example, is a Schedule II 13 opioid, right? 14 MS. VANNI: Object to form. 15 THE WITNESS: Generic 16 oxycodone is a Schedule II opioid. 17 BY MR. STEWART: 18 Q. Generic oxymorphone HCl is a 19 Schedule II opioid, right? 20 A. Yes. 21 Q. Do you see at the bottom of 22 slide -- of Exhibit 50, Page 28, 23 there's -- it says, "Source: RADARS 24 system, Poison Control Center program"?</p>	<p>1 that have a high propensity to be abused 2 or diverted. 3 Q. Turn to page -- and with 4 respect to what you just described, the 5 REMS program, that's an area where Endo 6 uses data from the RADARS Poison Control 7 Center program? 8 A. Potentially. I'm not 9 involved in developing those strategies. 10 It's not my area of responsibility. I'm 11 generally aware of what a REMS program is 12 and that we have people in the 13 organization that work on that. 14 Q. Am I hearing you to say that 15 in the suspicious order monitoring 16 program, you don't rely on RADARS data? 17 MS. VANNI: Object to form. 18 THE WITNESS: We don't 19 directly rely on RADARS data. 20 BY MR. STEWART: 21 Q. How about indirectly? How 22 do you rely -- if you do, how do you rely 23 on it indirectly? 24 MS. VANNI: Object to form.</p>
Page 643	Page 645
<p>1 A. I see that. 2 Q. Are you familiar with the 3 RADARS system Poison Control Center 4 program? 5 A. I am not. 6 Q. It's not something that you 7 used in your work? 8 A. It's not an area that I 9 would be directly involved in. 10 Q. Okay. What about -- do 11 people working under you use RADARS 12 system Poison Control Center program? 13 A. Not that I'm aware of. But 14 there -- as I said earlier, there are 15 other areas within Endo who would, you 16 know, be involved in this activity and 17 using this data, particularly in the 18 development of REMS programs, for 19 example. 20 Q. Okay. What's a REMS 21 program, so the record is clear? 22 A. A risk evaluation and 23 mitigation strategy. This is something 24 that FDA requires of certain products</p>	<p>1 THE WITNESS: What I would 2 say is that, with regard to Endo, 3 if there were information that 4 came through this data source from 5 another area of the company that 6 was relevant to DEA compliance, 7 then it would be communicated to 8 DEA compliance. 9 BY MR. STEWART: 10 Q. And can you remember 11 instances in which that's the case? 12 A. I don't recall a specific -- 13 specific incidence where that was the 14 case. 15 Q. Do you know who within Endo 16 during the time that you've been at Endo 17 has been the expert on use of the RADARS 18 program? 19 MS. VANNI: Object to form. 20 THE WITNESS: No. 21 BY MR. STEWART: 22 Q. Do you see page -- can you 23 turn to Page 33 of Exhibit 50. Do you 24 see that that page is entitled</p>

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1 "Distribution of routes of administration
2 reported by individuals within the
3 NAVIPPRO ASI-MV Network in 2Q 2013"?
4 A. I see that.
5 Q. Okay. And do you see that
6 it identifies individuals who have
7 abused, reformulated Opana ER, original
8 Opana ER, and oxymorphone ER generics?
9 MS. VANNI: Objection.
10 Beyond the scope of his 30(b)(6)
11 designation.
12 BY MR. STEWART:
13 Q. Is that what the slide
14 shows?
15 MS. VANNI: It covers abuse
16 for Endo.
17 BY MR. STEWART:
18 Q. Is that what the slide
19 shows?
20 A. I'm just -- if you can just
21 let me familiarize myself --
22 Q. Sure.
23 A. -- with the slide, because
24 it is not my area of responsibility.

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1 Okay. So it seems to be
2 describing routes -- as it says, routes
3 of administration of misuse of product.
4 Q. Can you tell me, do you
5 think there's a correlation between
6 misuse of Endo opioid products and abuse
7 of those products on the one hand, and
8 suspicious orders being filled in a
9 particular area?
10 MS. VANNI: Object to form
11 and beyond the scope.
12 THE WITNESS: I don't think
13 I understand your question. Can
14 you clarify?
15 BY MR. STEWART:
16 Q. Well, sure. You're in
17 charge of suspicious order monitoring,
18 fair?
19 MS. VANNI: Objection.
20 THE WITNESS: I'm
21 responsible for DEA compliance.
22 BY MR. STEWART:
23 Q. Okay. And are you saying
24 that data that would show you where

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1 people are abusing and diverting Endo
2 Schedule II opioid products is not
3 germane to your work monitoring
4 suspicious orders?
5 MS. VANNI: Object to form
6 and beyond the scope.
7 THE WITNESS: I testified
8 earlier that we apply the same
9 scrutiny to every order that comes
10 in, regardless of where it comes
11 from. We do the same diligence.
12 We review, we investigate, we make
13 a decision as to whether or not
14 that order is suspicious or not.
15 If it's not suspicious, we move it
16 on.
17 BY MR. STEWART:
18 Q. Is one of the data points
19 that you look at whether or not, in a
20 particular area that an order comes from,
21 there's a very high level of abuse of
22 opioids?
23 MS. VANNI: Object to form.
24 THE WITNESS: I said

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1 earlier -- I testified that we had
2 awareness to those areas. It
3 could certainly influence how we
4 visit customers. I also testified
5 that if there was relevant data
6 that was coming through another
7 area of the company that was
8 relevant to DEA compliance, then
9 that data would come to DEA
10 compliance from wherever it came
11 from in the company.
12 BY MR. STEWART:
13 Q. But I do think you also
14 testified that -- that with respect to
15 reviewing suspicious orders, your --
16 your -- the data you evaluate is
17 essentially uniform. You don't have
18 different standard operating procedures
19 for reviewing suspicious orders from,
20 say, Tennessee as opposed to California?
21 A. We apply the same scrutiny
22 to all orders.
23 Q. Turn to the next page,
24 Page 34 of Exhibit 50.

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1 Do you see that this slide
2 presented to the DEA is entitled
3 "Injection data in ASI-MV comparison of
4 proportion of abusers who reported
5 injecting Opana ER CRF in TN, the other
6 states."
7 Do you see that?
8 A. I see that.
9 Q. Do you see that -- that this
10 slide, Page 34, compares Tennessee with
11 non-Tennessee states with respect to the
12 proportion of abusers reporting injection
13 of Opana ER?
14 MS. VANNI: Object to form.
15 THE WITNESS: I'm just
16 trying to understand the slide
17 here.
18 BY MR. STEWART:
19 Q. Sure.
20 A. I don't -- I don't know what
21 ASI/MV means. Can you clarify that for
22 me?
23 Q. I can't.
24 You can't clarify it, I take

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1 it?
2 A. No, as I said earlier, this
3 is -- preparing these slides is not
4 within my area of responsibility.
5 Q. Do you -- do you see that --
6 that that's a comparison here being made
7 between Tennessee and all the other
8 states?
9 A. I see that there is some
10 comparison being made here between
11 Tennessee and other states.
12 Q. Do you know, within your
13 experience within Endo, if you've ever
14 seen other documents in which Tennessee
15 was singled out for comparison with all
16 other states because of its unusual use
17 or abuse or diversion of Endo products?
18 MS. VANNI: Object to form
19 and beyond the scope.
20 THE WITNESS: I don't recall
21 seeing other documents that
22 specifically compare Tennessee to
23 other states.
24 BY MR. STEWART:

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1 Q. You don't recall seeing
2 documents with words like the Tennessee
3 effect or Tennessee is different. That
4 sort of thing?
5 MS. VANNI: Object to form.
6 BY MR. STEWART:
7 Q. Is that fair?
8 A. I do not recall seeing those
9 types of documents.
10 Q. Okay. When did you arrive
11 at Endo?
12 A. October of 2012.
13 Q. Ever heard of somebody named
14 Mark Collins?
15 A. I've seen that name in some
16 of the documentation I've reviewed in
17 preparing for my deposition.
18 (Document marked for
19 identification as Exhibit
20 Endo-Macrides-51.)
21 BY MR. STEWART:
22 Q. I'll hand you Exhibit 51 --
23 I'll hand you Exhibit 51.
24 Have you ever seen that

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1 document, Exhibit 51?
2 A. I have not seen this
3 document.
4 Q. And I take it you haven't
5 seen -- when you say that, you haven't
6 seen a draft of that document or any
7 aspect of that document before.
8 Is that fair?
9 MS. VANNI: Object to form.
10 THE WITNESS: I don't
11 believe I've seen this document.
12 BY MR. STEWART:
13 Q. I'll hand you another
14 document.
15 (Document marked for
16 identification as Exhibit
17 Endo-Macrides-52.)
18 BY MR. STEWART:
19 Q. This is marked Exhibit 52.
20 Do you see at the bottom
21 right-hand corner of that document you've
22 got the Bates number
23 ENDO-OPIOID_MDL-01398417, do you see
24 that?

<p style="text-align: right;">Page 654</p> <p>1 A. I see that.</p> <p>2 Q. Okay. And do you see this</p> <p>3 is Lisa Walker who you've spoken about,</p> <p>4 sending an e-mail to Mark Collins?</p> <p>5 A. I see that.</p> <p>6 Q. Do you see, it talks about a</p> <p>7 suspicious order monitoring white paper?</p> <p>8 A. I see that.</p> <p>9 Q. Okay. Have you testified</p> <p>10 today about a suspicious order monitoring</p> <p>11 white paper?</p> <p>12 MS. VANNI: Object to form.</p> <p>13 THE WITNESS: I've testified</p> <p>14 today on Endo's suspicious order</p> <p>15 monitoring program.</p> <p>16 BY MR. STEWART:</p> <p>17 Q. It's fair to say that you</p> <p>18 didn't testify today about a document</p> <p>19 that was called a suspicious order</p> <p>20 monitoring white paper that you can</p> <p>21 recall?</p> <p>22 MS. VANNI: Object to form.</p> <p>23 THE WITNESS: I don't</p> <p>24 believe I specifically testified</p>	<p style="text-align: right;">Page 656</p> <p>1 therefore, had more functionality</p> <p>2 as it related to looking at</p> <p>3 orders, whereas in the previous</p> <p>4 prior to 2014, it's being referred</p> <p>5 to as limited given that the --</p> <p>6 the system had the capability to</p> <p>7 do what she's describing here,</p> <p>8 looking at customers' 3-month and</p> <p>9 12-month history, and then if the</p> <p>10 order pended based on that review,</p> <p>11 it was -- it was -- it was further</p> <p>12 reviewed and investigated.</p> <p>13 You'll also note here that</p> <p>14 it talks about how, regardless of</p> <p>15 the outcome of what you could call</p> <p>16 that first step in SAP, the orders</p> <p>17 then go through UPS's suspicious</p> <p>18 order monitoring program as well.</p> <p>19 BY MR. STEWART:</p> <p>20 Q. That goes to my question.</p> <p>21 Do you see the document</p> <p>22 that's attached, which is the next page,</p> <p>23 is a January 24, 2010, document titled</p> <p>24 "SOM Executive Summary"?</p>
<p style="text-align: right;">Page 655</p> <p>1 on a white paper.</p> <p>2 BY MR. STEWART:</p> <p>3 Q. Okay. Do you see that Lisa</p> <p>4 Walker says to Mr. Collins, "In Endo's</p> <p>5 SAP system we have a limited SOM program</p> <p>6 that looks at our buying wholesalers'</p> <p>7 customers' 3-month and 12-month history,</p> <p>8 and if any order is above the 3 or</p> <p>9 12-month, it goes on hold until it's</p> <p>10 reviewed by customer service"?</p> <p>11 A. I see that.</p> <p>12 Q. And do you know why she</p> <p>13 describes -- does she describe this</p> <p>14 program as limited, because at this point</p> <p>15 you haven't implemented all these</p> <p>16 additional changes that were implemented</p> <p>17 in Endo after meetings with the DEA in</p> <p>18 2013?</p> <p>19 MS. VANNI: Object to form.</p> <p>20 THE WITNESS: I believe that</p> <p>21 this document references back to</p> <p>22 the document that we ultimately</p> <p>23 looked at earlier, where the SAP</p> <p>24 system was enhanced in 2014 and,</p>	<p style="text-align: right;">Page 657</p> <p>1 A. I see that.</p> <p>2 Q. Do you see at the very</p> <p>3 bottom of the page, last sentence of the</p> <p>4 page, in describing the UPS monitoring</p> <p>5 system, the document says, "The tool is</p> <p>6 not able to forecast order trends and</p> <p>7 cannot take into account future business</p> <p>8 distribution events such as product</p> <p>9 promotions, volume ramp-up for product</p> <p>10 launches or other supply chain anomalies,</p> <p>11 therefore, there will always be a level</p> <p>12 of human evaluation by the RA department</p> <p>13 in conjunction with our clients to</p> <p>14 analyze such spikes to the historical</p> <p>15 trend."</p> <p>16 Do you see that?</p> <p>17 A. I see that.</p> <p>18 Q. What -- what that's saying</p> <p>19 is, right, UPS could never, its system</p> <p>20 could never have a full picture for</p> <p>21 suspicious order monitoring of Endo</p> <p>22 products because it doesn't have all the</p> <p>23 internal Endo information, right, for</p> <p>24 product trends and the like?</p>

<p style="text-align: right;">Page 658</p> <p>1 MS. VANNI: Objection.</p> <p>2 THE WITNESS: I think what</p> <p>3 this is saying is that their</p> <p>4 algorithm, and this would be true</p> <p>5 with a lot of algorithms, could</p> <p>6 not necessarily build in every</p> <p>7 possible shift in product demand</p> <p>8 that could occur in a business,</p> <p>9 so, therefore, in the absence of</p> <p>10 human intervention, to understand</p> <p>11 those things, that, you know, the</p> <p>12 system would not be robust. Or</p> <p>13 the system would pend orders that</p> <p>14 potentially were valid orders that</p> <p>15 should be distributed.</p> <p>16 BY MR. STEWART:</p> <p>17 Q. Or for that matter miss</p> <p>18 orders -- miss suspicious orders that</p> <p>19 were suspicious but would not be picked</p> <p>20 up because of the lack of robustness of</p> <p>21 the UPS system, right?</p> <p>22 MS. VANNI: Objection.</p> <p>23 THE WITNESS: I wouldn't</p> <p>24 characterize it that way. This is</p>	<p style="text-align: right;">Page 660</p> <p>1 A. I see that.</p> <p>2 Q. Okay. And do you see a</p> <p>3 fellow named Neil Shusterman says to</p> <p>4 Harris Rotman, Tara Chapman, and Nancy</p> <p>5 Fetrow, "This is from Lisa Walker in</p> <p>6 2013. I think we should re-meet with her</p> <p>7 to understand where we are now in 2017."</p> <p>8 Do you see that?</p> <p>9 A. I see that.</p> <p>10 Q. Okay. Neil Shusterman is</p> <p>11 the chief medical officer at Endo?</p> <p>12 A. He was at that time.</p> <p>13 Q. Do you know why you're not</p> <p>14 copied on this, given your role with the</p> <p>15 suspicious order monitoring program?</p> <p>16 MS. VANNI: Object to form.</p> <p>17 THE WITNESS: I can't tell</p> <p>18 you specifically why I'm not</p> <p>19 copied on this document.</p> <p>20 BY MR. STEWART:</p> <p>21 Q. Do you know --</p> <p>22 A. And as I stated to you</p> <p>23 earlier, from 2016 through 2017, we were</p> <p>24 in the process of integrating our</p>
<p style="text-align: right;">Page 659</p> <p>1 speaking more to orders that would</p> <p>2 pend due to shifts in demand that</p> <p>3 could not be built into the</p> <p>4 algorithm and, therefore, would</p> <p>5 need to be examined, reviewed, and</p> <p>6 investigated by people who had an</p> <p>7 understanding of those demand</p> <p>8 shifts.</p> <p>9 BY MR. STEWART:</p> <p>10 Q. These people would have to</p> <p>11 be within Endo?</p> <p>12 A. Those people would be within</p> <p>13 Endo.</p> <p>14 (Document marked for</p> <p>15 identification as Exhibit</p> <p>16 Endo-Macrides-53.)</p> <p>17 BY MR. STEWART:</p> <p>18 Q. I'm going to hand you</p> <p>19 Exhibit 53. Do you see on Exhibit 53,</p> <p>20 the bottom right-hand corner of the page,</p> <p>21 there's a Bates -- what we call Bates</p> <p>22 number, which is this marker at the</p> <p>23 bottom. It says</p> <p>24 ENDO-OPIOID_MDL-01239749.</p>	<p style="text-align: right;">Page 661</p> <p>1 businesses. My historical roles had</p> <p>2 primarily been involved on the generics</p> <p>3 business. So it could be that it was</p> <p>4 just simply part of the integration as to</p> <p>5 why it was not included on here.</p> <p>6 Q. Did you ever have</p> <p>7 conversations with Dr. Shusterman</p> <p>8 about -- I presume he's a doctor -- about</p> <p>9 the suspicious order monitoring program?</p> <p>10 A. No. I think what he -- what</p> <p>11 he asked for here was a summary from the</p> <p>12 people that were executing that program</p> <p>13 on a day-to-day basis, which would have</p> <p>14 been in Lisa Walker's group.</p> <p>15 Q. So you don't -- you don't</p> <p>16 remember having conversations with him</p> <p>17 about --</p> <p>18 A. I don't recall</p> <p>19 conversations.</p> <p>20 Q. Do you think you would</p> <p>21 recall having a conversation with the</p> <p>22 chief medical officer at Endo about the</p> <p>23 suspicious order monitoring program?</p> <p>24 MS. VANNI: Object to form.</p>

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1 THE WITNESS: I think I
 2 would. I suspect that he got the
 3 information that he needed from
 4 Lisa Walker and her team.
 5 BY MR. STEWART:
 6 Q. We talked about meetings
 7 that you had with the CEO. Let me ask a
 8 different question. Have you -- how many
 9 presentations have you made to the board
 10 of Endo with respect to the suspicious
 11 order monitoring program?
 12 MS. VANNI: Object to form.
 13 THE WITNESS: I don't
 14 believe I've ever made a
 15 presentation to the board of
 16 directors specifically on
 17 suspicious order monitoring.
 18 BY MR. STEWART:
 19 Q. Have you made a presentation
 20 to the board of directors of Endo about
 21 any subject?
 22 A. I have made --
 23 MS. VANNI: Object to form.
 24 THE WITNESS: -- several

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1 presentations to the Endo board of
 2 directors.
 3 BY MR. STEWART:
 4 Q. And have any of them
 5 involved the suspicious order monitoring
 6 program, any of your presentations to the
 7 board of directors of Endo?
 8 A. Not directly related to
 9 suspicious order monitoring.
 10 Q. Well, what --
 11 A. Not that I have personally
 12 presented to the board of directors.
 13 Q. How many times have you
 14 personally presented to the board of
 15 directors of Endo?
 16 A. I don't recall exactly. But
 17 I'm going say probably about three times.
 18 Q. Tell me what you recall --
 19 the subject matter of your presentations
 20 to the board of directors of Endo.
 21 A. So there were several
 22 topics. So in my -- I was hired into
 23 Endo actually in a finance role
 24 supporting the operations of the

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1 business.
 2 Part of my responsibilities
 3 were to manage capital investment plans
 4 and speak to significant projects that
 5 Endo was investing in from a capital
 6 investment perspective.
 7 I know one of the topics
 8 that I presented to the board on was
 9 construction of a vault, a controlled
 10 substance vault in Huntsville, for
 11 example.
 12 Q. What other presentations did
 13 you make to the board of directors?
 14 A. I would have presented to
 15 the board on the various -- various
 16 components of the capital investment plan
 17 specifically as it related to capital
 18 investment within the Qualitest business,
 19 mostly directed at compliance activities,
 20 both FDA and DEA compliance included in
 21 that.
 22 Q. You made presentation about
 23 how much money you were going to have to
 24 spend to set up or to have an appropriate

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1 suspicious order monitoring program?
 2 MS. VANNI: Object to form.
 3 THE WITNESS: That would
 4 have been a component of the
 5 investment plan that was being
 6 implemented at that time.
 7 BY MR. STEWART:
 8 Q. What was -- you say in that
 9 time. When did you make that
 10 presentation to the board?
 11 A. I believe those
 12 presentations would have been in the
 13 2013, 2014 time frame. I don't remember
 14 exactly.
 15 Q. Do you know what prompted
 16 those presentations about the investment
 17 plan that you just described?
 18 MS. VANNI: Object to form.
 19 THE WITNESS: That would
 20 have been in the normal course of
 21 materials that would be presented
 22 to the board of directors, was my
 23 understanding.
 24 BY MR. STEWART:

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1 Q. Was there a precipitating
2 event that triggered the investment plan
3 that you spoke to the board about?
4 MS. VANNI: Object to form.
5 THE WITNESS: I wouldn't
6 describe it as a precipitating
7 event. What I would describe to
8 you is Endo, after acquiring
9 Qualitest, was looking at all
10 aspects of compliance and building
11 an investment plan to address
12 enhancements and improvements in
13 FDA and DEA compliance across that
14 business.
15 And those -- those plans
16 were, we looked at a document
17 earlier that was a -- that
18 highlighted certain risks. Those
19 plans were typically developed
20 from, you know, those risk
21 assessments.
22 BY MR. STEWART:
23 Q. Did -- did you have
24 discussions at any time within Endo about

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1 whether a third party, perhaps a seller
2 of Qualitest, should be financially
3 obligated to Endo to pay money to
4 compensate Endo for failures with respect
5 to past suspicious order monitoring
6 programs?
7 MS. VANNI: Object to form.
8 THE WITNESS: No.
9 (Document marked for
10 identification as Exhibit
11 Endo-Macrides-54.)
12 BY MR. STEWART:
13 Q. I'm going to hand you
14 Exhibit 54.
15 And do you see at the bottom
16 of Exhibit 54, there's a Bates number
17 which is -- it states
18 ENDO-OPIOID_MDL-05962559?
19 A. I see that.
20 Q. Do you see you're copied on
21 this e-mail from Tracey Hernandez?
22 A. I am.
23 Q. Okay. What was Tracey
24 Hernandez's role?

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1 A. She was the head of DEA
2 compliance for Qualitest.
3 Q. Okay. And do you see that
4 she forwards an e-mail from her to
5 Charles Propst and Phil Cupero dated
6 March 9, 2014.
7 Do you see that?
8 A. I see an e-mail here from
9 Tracey.
10 Q. Do you see the subject of
11 the e-mail is "C-II orders handled by
12 Memphis"?
13 A. I see that.
14 Q. That's Schedule II
15 narcotics? Is that what C-II means?
16 A. Correct.
17 Q. And it says -- do you see
18 she says, "I may not be able to attend
19 Monday's distribution meeting since I'll
20 be flying to Boca. However, I want you
21 to have my concerns related to idea of
22 outsourcing C-II distribution to UPS.
23 This will really create some challenges,
24 both from a regulatory and a customer

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1 service perspective. For example," and
2 then she lists a whole series of
3 concerns.
4 Do you see that?
5 A. She listed some concerns
6 here, yes.
7 Q. Do you remember reviewing
8 and addressing this list of concerns?
9 A. Well, I should clarify. I
10 was not responsible for DEA compliance at
11 this time.
12 Q. What was your role at this
13 time when this e-mail was sent?
14 A. My role was in finance.
15 Q. Okay.
16 A. But my involvement in
17 specifically what's here is that there
18 was a significant project being
19 contemplated at that time to move the --
20 to outsource the distribution -- the
21 generics distribution that was being done
22 in Huntsville, to outsource that to UPS
23 where our branded distribution was being
24 done. That was the basis for this

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1 document.
 2 My involvement in this
 3 document or in this was based on the
 4 significant scope of that project.
 5 Q. And what did you do with
 6 respect to Ms. Hernandez's concerns, what
 7 was your role?
 8 MS. VANNI: Object to form
 9 to the extent that this relies --
 10 or relates to Qualitest.
 11 If you could answer it with
 12 respect to Endo, you can go ahead
 13 and answer.
 14 THE WITNESS: I don't -- I
 15 don't know that I had a specific
 16 role with regard to that. There
 17 were a number of us that were
 18 evaluating UPS as a potential
 19 alternative to distribute --
 20 distributing the products from
 21 Huntsville. So there would have
 22 been a number of parameters that
 23 would be evaluated around that.
 24 I think what Tracey is

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1 specifically addressing here is
 2 some of her questions regarding
 3 how the DEA aspect of that would
 4 be handled.
 5 BY MR. STEWART:
 6 Q. And do you see that there is
 7 a large document attached entitled
 8 "Tracey Hernandez questions"?
 9 A. I see that.
 10 Q. Do you remember, did you
 11 prepare that document?
 12 MS. VANNI: Object to form.
 13 THE WITNESS: I didn't
 14 prepare this document.
 15 BY MR. STEWART:
 16 Q. Were you -- were you
 17 involved in the preparation or review of
 18 the document?
 19 A. I'm sure I would have
 20 reviewed this document. I may have had
 21 some input to it.
 22 Q. Back to the page marked with
 23 a marker that ends in 560. Can you turn
 24 back to that, which is her bullet point

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1 list?
 2 A. Yes.
 3 Q. Just highlight one bullet
 4 point.
 5 Do you see the second bullet
 6 point? Ms. Hernandez says, "C-II
 7 products," meaning Schedule II products,
 8 "would fall under UPS's suspicious order
 9 monitoring program as part of the upgrade
 10 to our own program. We reviewed UPS's
 11 program, it's extremely basic. They have
 12 no capability to know our customers'
 13 customers as they have no chargeback data
 14 and they do not perform customer due
 15 diligence visits. If they were to
 16 implement this, have we factored in the
 17 cost of them doing our chargebacks and
 18 additional" -- "or the additional audits.
 19 Do we really want UPS auditing our
 20 customers?"
 21 Do you see that?
 22 MS. VANNI: Again note my
 23 objection as that pertains to
 24 Qualitest.

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1 THE WITNESS: Yes.
 2 BY MR. STEWART:
 3 Q. And do you share her -- her
 4 assessment of UPS's suspicious order
 5 monitoring program at this time?
 6 A. No, I do not. Nor do I
 7 agree that -- first of all, the
 8 chargeback data would be -- would
 9 continue to be housed internally. So you
 10 wouldn't rely on UPS for chargeback data.
 11 Nor would you rely on UPS to do customer
 12 due diligence visits. The only thing
 13 that was being contemplated here was
 14 using UPS to distribute the product.
 15 Q. I take it --
 16 A. As a -- as a registrant, UPS
 17 would have to perform a SOMs check in
 18 addition to the SOMs check that we would
 19 perform, similar to what Endo was doing
 20 in SAP.
 21 Q. But I just take it you're
 22 not -- you don't think Ms. Hernandez's
 23 description of the status of UPS's
 24 suspicious order monitoring program for

<p style="text-align: right;">Page 674</p> <p>1 this period is inaccurate, is that fair?</p> <p>2 You agree with her</p> <p>3 assessment?</p> <p>4 MS. VANNI: Object to form.</p> <p>5 THE WITNESS: Do I agree --</p> <p>6 are you asking me if I agree with</p> <p>7 her assessment that --</p> <p>8 BY MR. STEWART:</p> <p>9 Q. Yeah --</p> <p>10 A. -- their program is</p> <p>11 extremely basic?</p> <p>12 Q. Yes, and doesn't have</p> <p>13 capabilities as she describes it?</p> <p>14 MS. VANNI: Objection.</p> <p>15 THE WITNESS: I don't agree</p> <p>16 with her assessment, and nor do</p> <p>17 I -- nor do I agree that --</p> <p>18 it's -- her comments around UPS</p> <p>19 doing chargeback data and customer</p> <p>20 visits is not relevant, because we</p> <p>21 would not have asked them to do</p> <p>22 that.</p> <p>23 That -- that responsibility</p> <p>24 would remain with the company.</p>	<p style="text-align: right;">Page 676</p> <p>1 (Document marked for</p> <p>2 identification as Exhibit</p> <p>3 Endo-Macrides-55.)</p> <p>4 BY MR. STEWART:</p> <p>5 Q. I'll hand you another</p> <p>6 document.</p> <p>7 A. Thank you.</p> <p>8 Q. 55.</p> <p>9 Now, you have in front of</p> <p>10 you something entitled "Minority Staff</p> <p>11 Report, Fueling an Epidemic, Report 3."</p> <p>12 Do you see that?</p> <p>13 A. I see it.</p> <p>14 Q. Is that Exhibit 55 to your</p> <p>15 deposition?</p> <p>16 A. That's what it says.</p> <p>17 Q. Are you familiar with this</p> <p>18 document?</p> <p>19 A. I'm not familiar with this</p> <p>20 document.</p> <p>21 Q. Okay. You have not looked</p> <p>22 at -- at this report at all that you can</p> <p>23 recall?</p> <p>24 MS. VANNI: Object to form.</p>
<p style="text-align: right;">Page 675</p> <p>1 These are our customers, not UPS's</p> <p>2 customers.</p> <p>3 BY MR. STEWART:</p> <p>4 Q. How long did Tracey</p> <p>5 Hernandez remain director of DEA</p> <p>6 compliance?</p> <p>7 MS. VANNI: Object to form.</p> <p>8 THE WITNESS: I think she</p> <p>9 left sometime in 2014.</p> <p>10 BY MR. STEWART:</p> <p>11 Q. Why did she leave the</p> <p>12 company, why did Tracey Hernandez leave</p> <p>13 Endo?</p> <p>14 MS. VANNI: Same objection.</p> <p>15 THE WITNESS: As I</p> <p>16 understand it, she got a better</p> <p>17 opportunity to go work somewhere</p> <p>18 else.</p> <p>19 BY MR. STEWART:</p> <p>20 Q. Do you know where she went</p> <p>21 to work?</p> <p>22 A. I don't recall where she</p> <p>23 went from Endo. I know she's had a</p> <p>24 number of different jobs.</p>	<p style="text-align: right;">Page 677</p> <p>1 THE WITNESS: I have not</p> <p>2 reviewed this report.</p> <p>3 BY MR. STEWART:</p> <p>4 Q. Okay. And do you remember</p> <p>5 doing anything to prepare materials that</p> <p>6 would go into a Senate report like this?</p> <p>7 MS. VANNI: Object to form.</p> <p>8 THE WITNESS: This is the</p> <p>9 McCaskell report?</p> <p>10 BY MR. STEWART:</p> <p>11 Q. That's correct.</p> <p>12 A. I'm aware that people in our</p> <p>13 company provided information and in --</p> <p>14 input into this as Endo participated in</p> <p>15 providing input that ultimately went into</p> <p>16 this report.</p> <p>17 Q. How often does Endo review</p> <p>18 chargeback data to identify customer</p> <p>19 facilities of interest, do you know?</p> <p>20 A. Endo doesn't review</p> <p>21 chargeback data specific to the branded</p> <p>22 products, because they are such a small</p> <p>23 percentage of the branded products that</p> <p>24 actually are on contract, on retail</p>

<p style="text-align: right;">Page 678</p> <p>1 contract. So it's really not a material 2 set of data in that -- in that sense. 3 It's a very small percentage. 4 Q. What data does Endo review 5 with respect to nonbranded generic 6 products? 7 MS. VANNI: Object to form. 8 With respect to suspicious 9 order monitoring? 10 MR. STEWART: That's 11 correct. 12 THE WITNESS: Can I answer 13 that? That would be Par. 14 MS. VANNI: You're asking 15 Endo, what's Endo review? 16 MR. STEWART: I don't -- I 17 don't respect the limitations 18 of -- 19 BY MR. STEWART: 20 Q. I want to know for Endo, for 21 Endo and all of its subsidiaries. 22 A. You asked specifically about 23 generics? 24 Q. That's correct.</p>	<p style="text-align: right;">Page 680</p> <p>1 (Document marked for 2 identification as Exhibit 3 Endo-Macrides-56.) 4 BY MR. STEWART: 5 Q. I'll give you a document 6 marked as Exhibit 56. 7 You don't appear copied on 8 the document. Do you recognize that? 9 A. I don't recognize this 10 document. 11 Q. Can you recall any 12 discussions that you've had, in which you 13 specifically discussed the State of 14 Tennessee and particular aspects of 15 suspicious order monitoring in Tennessee? 16 A. No. 17 Q. Can you tell me, if you've 18 had conversations with Aaron Graham about 19 suspicious orders? 20 A. If I've had conversations 21 with Aaron Graham? 22 Q. Yes. 23 A. I don't recall a 24 conversation that I had with Aaron Graham</p>
<p style="text-align: right;">Page 679</p> <p>1 MS. VANNI: He's not 2 answering as to Par. 3 MR. STEWART: Okay. That's 4 improper. 5 BY MR. STEWART: 6 Q. You can answer to the extent 7 you can. 8 A. I think I've been advised 9 not to answer. 10 MS. VANNI: Based on my 11 previously articulated objections 12 that Par is not a defendant in the 13 Tennessee litigation, that this 14 deposition wasn't properly 15 noticed, that we've now been going 16 about two hours on Tennessee 17 questions and 11 hours 18 cumulatively throughout the entire 19 day. 20 And if you could answer as 21 to Endo, you can answer. But not 22 as to Par. 23 THE WITNESS: I think I 24 already answered as to Endo.</p>	<p style="text-align: right;">Page 681</p> <p>1 on suspicious orders. I have a lot of 2 conversations. I don't recall that one. 3 Q. Within Endo, I take it it's 4 accepted that Endo has and always has had 5 an obligation to monitor suspicious 6 orders with respect to generic pain 7 medicines as well as branded pain 8 medicines, fair? 9 MS. VANNI: Object to form. 10 THE WITNESS: That's a fair 11 statement. 12 BY MR. STEWART: 13 Q. Tell me every database that 14 you're aware of that provides detail 15 about where generics products are sold, 16 what customers obtain them, the pattern 17 of use of those products? 18 MS. VANNI: Object to form. 19 THE WITNESS: Well, we would 20 have -- there would be similar 21 data to what we -- what we saw 22 earlier in terms of data around 23 orders and where those orders were 24 shipped to.</p>

<p style="text-align: right;">Page 682</p> <p>1 BY MR. STEWART:</p> <p>2 Q. When you say where those</p> <p>3 orders were shipped to, are you talking</p> <p>4 about data with respect to shipping</p> <p>5 orders to distributors and then to</p> <p>6 pharmacies?</p> <p>7 A. To customers.</p> <p>8 Q. Okay. Customers. What</p> <p>9 about data that shows where generics end</p> <p>10 up in terms of in the hands of providers</p> <p>11 and then human beings receiving medical</p> <p>12 treatment?</p> <p>13 MS. VANNI: Objection.</p> <p>14 THE WITNESS: There would be</p> <p>15 chargeback data that would --</p> <p>16 could be used to understand that.</p> <p>17 BY MR. STEWART:</p> <p>18 Q. With respect to generics as</p> <p>19 well as branded, fair?</p> <p>20 A. To the extent that there are</p> <p>21 chargebacks.</p> <p>22 Q. And there are often</p> <p>23 chargebacks, so that they can provide</p> <p>24 insight -- chargeback data can provide</p>	<p style="text-align: right;">Page 684</p> <p>1 Q. Correct. Yes.</p> <p>2 A. As I stated, I personally</p> <p>3 don't use IMS data. I'm not aware of how</p> <p>4 everybody in the company uses IMS data.</p> <p>5 I know that we use IMS data across the</p> <p>6 company.</p> <p>7 Q. Can IMS data be used, to</p> <p>8 your knowledge to evaluate the patterns</p> <p>9 of use by people receiving medical care</p> <p>10 of generic products?</p> <p>11 MS. VANNI: Objection. Lack</p> <p>12 of foundation.</p> <p>13 THE WITNESS: As I</p> <p>14 understand, IMS data can be used</p> <p>15 to determine things like market</p> <p>16 share, what percentage of</p> <p>17 prescriptions of your products are</p> <p>18 being written.</p> <p>19 BY MR. STEWART:</p> <p>20 Q. And that's for generic and</p> <p>21 branded products, fair?</p> <p>22 A. I believe so, yes.</p> <p>23 Q. Let me ask you a question.</p> <p>24 This is a document -- you were told not</p>
<p style="text-align: right;">Page 683</p> <p>1 inside into generics, fair?</p> <p>2 MS. VANNI: Object to form.</p> <p>3 THE WITNESS: That's fair.</p> <p>4 BY MR. STEWART:</p> <p>5 Q. What about other data? What</p> <p>6 about IMS data?</p> <p>7 A. IMS data is prescription</p> <p>8 data.</p> <p>9 Q. Does Endo ever use IMS data</p> <p>10 to evaluate the distribution of generic</p> <p>11 products?</p> <p>12 A. We use IMS data for various</p> <p>13 things. I personally don't use IMS data.</p> <p>14 Q. Are you aware of Endo as a</p> <p>15 company or anyone in Endo using IMS data</p> <p>16 to evaluate the distribution or sale or</p> <p>17 use of unbranded generic Schedule II</p> <p>18 drugs?</p> <p>19 MS. VANNI: Object to form.</p> <p>20 Beyond the scope.</p> <p>21 BY MR. STEWART:</p> <p>22 Q. You can answer.</p> <p>23 A. You said -- you mean generic</p> <p>24 products?</p>	<p style="text-align: right;">Page 685</p> <p>1 to answer questions about a July 2012</p> <p>2 e-mail from Aaron Graham to Sandra</p> <p>3 Parker. Can you reach back in your pile</p> <p>4 and grab that. It should be probably</p> <p>5 Exhibit 45, I think.</p> <p>6 Do you see that?</p> <p>7 A. 45 is this thing.</p> <p>8 Q. If you'll hand it to me,</p> <p>9 I'll show you where it is. If you can --</p> <p>10 let me just see me the pile, and I'll</p> <p>11 tell you where it is.</p> <p>12 MS. VANNI: 48.</p> <p>13 BY MR. STEWART:</p> <p>14 Q. 48. Can you turn to</p> <p>15 Exhibit 48.</p> <p>16 Can you tell me, do you see</p> <p>17 that Aaron Graham's e-mail is included?</p> <p>18 A. I see that.</p> <p>19 Q. What is his e-mail?</p> <p>20 A. It says</p> <p>21 Graham.Aaron2@Endo.com.</p> <p>22 Q. Endo.com. @Endo.com, is</p> <p>23 that an e-mail typically used by Endo</p> <p>24 employees?</p>

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1 MS. VANNI: Object to form.
2 THE WITNESS: Yes and no. I
3 have three different e-mail
4 addresses.
5 BY MR. STEWART:
6 Q. Do you know anybody who uses
7 an e-mail that ends in Endo.com who's not
8 an Endo employee?
9 A. I had an Endo e-mail
10 address, and I was a Qualitest employee.
11 MR. STEWART: How much time
12 do I have?
13 THE VIDEOGRAPHER: One
14 minute.
15 MR. STEWART: Okay.
16 BY MR. STEWART:
17 Q. Did you personally ever
18 travel to Tennessee to investigate
19 anything involving suspicious order
20 monitoring for Endo?
21 A. No.
22 Q. Do you know anyone who's
23 ever traveled to Tennessee in connection
24 with suspicious order monitoring at Endo?

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1 A. I don't know specifically of
2 any person who traveled to Tennessee for
3 that purpose.
4 Q. The reason that you're
5 phrasing it that way is because Endo for
6 a while had a Memphis -- might have --
7 there was a distribution center in
8 Memphis; is that fair?
9 A. UPS distributes from
10 Memphis.
11 Q. Okay.
12 A. That still -- that still
13 exists today.
14 Q. All right. So that might
15 have been a reason to travel, independent
16 of the suspicious order monitoring
17 program to Tennessee, fair?
18 MS. VANNI: Object to form.
19 THE WITNESS: Yes. It also
20 could be that people that travel
21 to Memphis to -- as part of
22 suspicious order monitoring, since
23 that's where UPS is, and they're
24 doing a SOMs check of our orders

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1 in Memphis.
2 BY MR. STEWART:
3 Q. But as we sit here today,
4 you can't remember such a visit?
5 A. I don't recall such a visit.
6 MR. STEWART: Okay. I think
7 we're out of time. Thank you.
8 THE VIDEOGRAPHER: Off the
9 record at 8:45 p.m.
10 (Short break.)
11 MR. STEWART: I just want to
12 say, you articulated a position
13 for why you're telling the witness
14 not to answer certain questions.
15 I rejected that position, and we
16 haven't changed our positions,
17 fair?
18 MS. VANNI: I have not
19 changed my position, and I will
20 note for the record that I gave
21 you a full two hours and a lot of
22 leeway to ask questions. And you
23 sat through the deposition that
24 Mr. Buchanan took. He had seven

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1 hours of questioning. And our
2 position is the same as I've
3 already articulated. And you have
4 not been prejudiced in any way.
5 MR. STEWART: I think we
6 have been prejudice. And
7 obviously we have the right to
8 come back and retake this
9 deposition to obtain the
10 information that we wanted.
11 This is a properly noticed
12 deposition. We were entitled to
13 not two hours, as directed by you,
14 but as we decided. So I think
15 we've definitely been prejudiced.
16 But I imagine you and I or others
17 will work this out in the future.
18 Thank you.
19 MS. VANNI: Just final --
20 just I want to say that I disagree
21 with that characterization.
22 And with that, we can close
23 the deposition. I don't have
24 redirect.

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1 (Excused.)
 2 (Deposition concluded at
 3 approximately 8:46 p.m.)
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1
 2 **CERTIFICATE**
 3
 4
 5 I HEREBY CERTIFY that the
 6 witness was duly sworn by me and that the
 7 deposition is a true record of the
 8 testimony given by the witness.
 9
 10 It was requested before
 11 completion of the deposition that the
 12 witness, STEPHEN C. MACRIDES, have the
 13 opportunity to read and sign the
 14 deposition transcript.
 15
 16 MICHELLE L. GRAY,
 17 A Registered Professional
 18 Reporter, Certified Shorthand
 19 Reporter, Certified Realtime
 20 Reporter and Notary Public
 21 Dated: March 18, 2019
 22
 23 (The foregoing certification
 24 of this transcript does not apply to any
 reproduction of the same by any means,
 unless under the direct control and/or
 supervision of the certifying reporter.)

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1 **INSTRUCTIONS TO WITNESS**
 2
 3 Please read your deposition
 4 over carefully and make any necessary
 5 corrections. You should state the reason
 6 in the appropriate space on the errata
 7 sheet for any corrections that are made.
 8 After doing so, please sign
 9 the errata sheet and date it.
 10 You are signing same subject
 11 to the changes you have noted on the
 12 errata sheet, which will be attached to
 13 your deposition.
 14 It is imperative that you
 15 return the original errata sheet to the
 16 deposing attorney within thirty (30) days
 17 of receipt of the deposition transcript
 18 by you. If you fail to do so, the
 19 deposition transcript may be deemed to be
 20 accurate and may be used in court.
 21
 22
 23
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 2 **E R R A T A**
 3 - - - - -
 4 **PAGE LINE CHANGE**
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ACKNOWLEDGMENT OF DEPONENT

I, _____, do
hereby certify that I have read the
foregoing pages, 1 - 695, and that the
same is a correct transcription of the
answers given by me to the questions
therein propounded, except for the
corrections or changes in form or
substance, if any, noted in the attached
Errata Sheet.

STEPHEN C. MACRIDES DATE

Subscribed and sworn
to before me this

____ day of _____, 20____.

My commission expires: _____

Notary Public

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LAWYER'S NOTES

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